



## GENERAL

### North 'wants regional voice'

As the Scottish and Welsh voted for or against devolution yesterday, it was suggested that 40 per cent of people in the North of England would also welcome regional government.

And 62 per cent would be in favour of kind of change if Scottish or Welsh devolution went ahead. The claim was made by the Campaign for the North following an opinion poll last week-end.

In Scotland, the latest opinion poll had the No and Yes voters neck and neck at 38 per cent each, with 24 per cent 'Don't Knows'. There has to be 40 per cent of the electorate in favour of a Scottish Assembly to be guaranteed.

Polls in Wales indicate a resounding rejection of the Welsh Assembly proposal. The results in both Scotland and Wales will be known later today.

### Crossing deaths

Two railwaymen and a lorry driver were killed when an inter-city train was in collision with a lorry at a level crossing at Lydney, Gloucestershire.

### Town hall defeat

The fight to prevent the London Borough of Southwark from building a £28.5m town hall complex was lost when the council approved a 27 per cent household rate increase, including a £2.15m provision for the town hall fund.

### Rhodesia raid

The Rhodesian air force raid on buildings used by ZANLA guerrillas 150 miles inside Mozambique was the sixth in a fortnight against Rhodesian territory. Angola has announced increased support for the guerrillas.

### Out of steam

Steam locomotive King George V developed a fault after arriving at the Great Western Preservation Society at Didcot, Berkshire, and hundreds of steam enthusiasts had to be hauled back to Paddington by diesel.

### Body hunt

Police in Bradford and Hull were searching for the dismembered parts of the body of an 18-year-old girl after a man volunteered information.

### Tanker crash

Farnham, Surrey, was sealed off after a diesel tanker ran out of control in the main street and overturned, spilling 1,000 gallons of fuel. Four people were treated in hospital.

### Minister jailed

Former Italian Defence Minister Mario Tanassi was jailed for two years and fined for months for corruption in connection with the \$2m Lockheed bribes scandal. Page 2

### Briefly

Record 170,000 new divorce petitions were filed in 1977—an increase of 24,000 on the previous year. EEC Commission is giving £3.25m to a United Nations effort to help 79,000 refugees from Laos, Vietnam and Cambodia.

### More Vietnam refugees arrive

A GROUP of 47 Vietnamese refugees, the second party in the quota of 1,500 Britain has accepted for settlement, arrived in London yesterday from Hong Kong. They will stay at Kensington Barracks for three months before dispersing into the community.

## BUSINESS

### Equities off 5.7; Lead up £18

● EQUITIES eased with the expected MLR cut falling to restore recent enthusiasm in the stock markets. The FT 30-share index closed 5.7 down at 476.1.

● GILTS became nervous after the Bank's move, the Government Securities Index losing 0.42 to 70.18.

● TOKYO: Nikkei Dow index closed 37.32 down at 5,975.56.

● LEAD prices reached record high of £18.25 a tonne.



levels, the cash price jumping by £18 to £567 a tonne.

● GOLD fell 3/8 to close at \$249.

● STERLING closed unchanged at \$2.0235, its trade-weighted index rising to 64.4 (64.3). The dollar's depreciation remained at 8.5 per cent.

● WALL STREET was 5.30 up at 814.62 near the close.

### U.S. economic index lower

● U.S. INDEX of leading economic indicators declined in January by 1.2 per cent, the biggest fall in four years. This points to a significant contraction and perhaps a recession, in economic activity this year. Back Page

● BRITISH LEATHER industry is being hit by soaring prices for hides and cheap imports of finished goods, according to Mr. Guy Reaks, director of the British Leather Federation. Back Page

● MR. LEE IACocca, former Ford President and present Chrysler Corporation President, has signed up an advertising agency which worked for Ford since 1945 to handle exclusively Chrysler advertising. Back Page

● TGWU delegates have decided to conduct an individual ballot of ambulance men on the proposed public services peace formula and recommend them to accept. The decision may reduce the impact of today's 24-hour total strike by ambulance men. Page 8

● EUROPEAN PERINIA is about to embark on a \$25m (£12.4m) commercial property development in Denver, Colorado. Page 10

● SIME DARBY HOLDINGS, the Far Eastern multinational conglomerate, increased its bid for Guthrie Corporation, the UK plantation group, by £31m, and bought another 14 per cent of Guthrie shares. Back Page and Lex

● BRITISH AIRWAYS is due to sign today a \$400m contract for 19 Boeing 737 short-to-medium range jet airliners, which use the new Dash 535 version of the Rolls-Royce RB-211 engine. Page 4

### COMPANIES

● UNION BANK of Switzerland reports a 6 per cent fall in net profits for 1978 to SwFr 250.3m (\$150m). Page 23

● ORENSTEIN und Koppel (O and K), the Dortmund-based engineering and shipbuilding company, reports a 12 per cent rise in turnover in 1978 to DM1.13bn (\$611m). Page 23

## BOC agrees to price freeze but challenges report

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BOC last night agreed to freeze its prices for industrial gases for a year following a tough Price Commission report yesterday recommending that no price rise should be allowed.

For the first time since the commission was set up in August, 1977, it decided to use its full powers to block BOC's proposed 9.5 per cent price rise for a range of industrial gases. Previously, the commission had only cut prices increases sought by big companies.

The commission decided management inefficiency, over-staffing, stock thefts and phoney productivity deals, meant that BOC had sufficient scope to recover increased costs through improved efficiency.

But BOC last night—although reluctantly agreeing to freeze prices voluntarily rather than face a Government Order enforcing the freeze—bitterly challenged the content and tone of the report.

### Clash

BOC's challenge to the accuracy of the commission's report has caused a direct clash between two major City accountancy firms. The Price Commission used Thomson McLintock as its advisers, while BOC's auditors—Coopers and Lybrand—has provided a detailed rebuttal of the commission's findings.

Moreover, the commission's clear statement that BOC's productivity deals in the last two pay rounds—both of which breached the Government's pay limits—were false, could have

repercussions on other companies which are seeking price rises and which claim that their productivity deals are self-financing.

But the commission made it clear that it did not seek to act as a pay board to monitor wage deals that break the Government's pay guidelines. It said the rise in labour costs was only part of the reason for the decision to block the company's proposed price increases.

The commission, however, has told BOC that, if it can show "serious progress" in improving its efficiency and reducing costs, it may look favourably on another price application before the 12-month freeze is up.

### News Analysis, Page 6

Editorial comment, Page 18

The main reason, according to the commission, was the company's inefficient management structure which, while ostensibly decentralised, still had too much headquarters control. This creates "conflicting aims between the centre and operating units, and makes it difficult to control costs."

Other cost increases criticised by the commission included the number of extra managers and technologists recruited by the company, a 10 per cent rise in staff in two years without any increase in work, and serious stock losses.

The commission estimated that the company was losing more than 30,000 gas cylinders a year—costing £1.7m—while lost gas amounted to nearly £2m more a year. In spite of

## China offers direct talks on peace with Vietnam

BY OUR FOREIGN STAFF

CHINA yesterday proposed direct talks as soon as possible with Vietnam in an attempt to end their two-week border conflict, said the New China News Agency.

The proposal, made in an official note delivered to the Vietnamese embassy in Peking, is the first open offer of peace made by either side during the conflict.

China suggested that both governments appoint a vice-minister of foreign affairs as representatives to meet at a mutually agreed place.

China proposed the working out of any "constructive measures that ensure peace and tranquillity along the border between the two countries" and that they should then proceed to settle their territorial and boundary disputes.

Mr. Li Xiannian, the Chinese vice-premier, told journalists in Peking that Chinese troops would be withdrawn from Vietnam once China had achieved its goal and on condition that Vietnam no longer resorted to armed provocations.

Asked whether negotiations were a prior condition for the withdrawal of troops he said: "Not necessarily so."

In Moscow, Mr. Alexei Kosygin, the Soviet Premier, reiterated Russia's support for Vietnam. He said that Vietnam would not be abandoned and denounced the Chinese attack as "an act of international brigandage."

Mr. Kosygin's remarks, among the toughest yet in the escalating Sino-Viet war of words with the Chinese, follow an authoritative warning in Pravda, the Communist Party newspaper, that the fighting between China and Vietnam could spread.

Fighting around Lang Son, the strategic north-east town that commands the approaches to Hanoi, continued to be fierce. Radio Hanoi said that China had launched large-scale attacks on a wide front north of the town, though intelligence reports indicated that the main Chinese troops in the area had still not been thrown into the battle to control the ridges above Highway 1A that leads to the capital.

The Vietnamese claimed that their forces had put 2,700 Chinese troops out of action and destroyed eight tanks. They said that China had suffered 27,000 casualties since the fighting began.

Other developments, Page 3

## Oil price rise may cut EEC growth 1%

By Guy de Jonquieres, Common Market Correspondent

THE CONTINUED rise in world oil prices could cut real economic growth rate in Common Market countries by as much as 1 per cent this year and add up to \$5bn to their balance of payments costs, Dr. Guido Brunner, EEC Commissioner for Energy, warned yesterday.

If the unilateral price increases announced recently by Venezuela, Abu Dhabi, and Qatar were followed by other exporters, oil prices would rise by 22-25 per cent this year instead of the 10 per cent decided

at last December's meeting of the Organisation of Petroleum Exporting Countries, he said. Dr. Brunner's remarks were timed to coincide with this week's International Energy Agency meeting and in anticipation of the EEC Government leaders' European Council meeting in Paris on March 12 and 13. At the Paris meeting the oil supply situation is expected to figure prominently.

It was essential for the EEC to intensify its conservation efforts and its investment in alternative energy sources, he said. He appealed to Mr. James Callaghan to over-ride the opposition of Mr. Anthony Wedgwood Benn, the Energy Secretary, to a Commission proposal for demonstration projects in energy saving and research.

Britain blocked the proposal, which would provide 150m Units of Account (about £100m) at EEC funding over four years, at last December's Energy Council. The UK insisted that other governments should agree first to another commission proposal for EEC subsidies for trade in coal.

The present oil shortage increased the need for the EEC to fulfil its aim of reducing its dependence on energy imports to 50 per cent of total consumption by 1985. It had cut the dependence on oil to 45 per cent.

The EEC Commission's official forecast calls for a 3.5 per cent real growth rate for EEC economies this year, although Brussels officials now concede that a forecast of 4 per cent would have been nearer the mark at the time the calculations were made. Dr. Brunner's warning of a 1 per cent cut would therefore imply a real growth rate of about 3 per cent.

### Claimed

BOC called the report "incorrect, unjust, and unwise," and said it "reflects no credit on the Price Commission." Cooper and Lybrand's analysis of data, made available to the commission, showed that a price freeze will cut the company's profitability by £300,000 this year, the company said. It claimed that most of the commission's recommendations were already in hand before the commission started the investigation.

The company was also critical of the commission's refusal to grant an interim price rise of 6 per cent under the now-defunct safeguard regulations, because of a technicality. And BOC also made it clear that restricting its profitability would force it to re-evaluate investment plans.

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## MLR cut to 13% may steady market

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BANK of England cut the Minimum Lending Rate by a point to 13 per cent yesterday and made clear that it was seeking stability for the present after the hectic markets of the past few weeks.

The reduction in MLR comes three weeks after it was raised by 14 points to 14 per cent. Mortgage rates will almost certainly be left unchanged by the council of the Building Societies' Association at its meeting a week today.

Apart from the fall in interest rates, the decision will also be affected by net inflows of between £200m to £250m in February, which are smaller than expected and compare with £238m in January.

The clearing banks were waiting last night for short-term interest rates to settle down before reaching a decision on rates. That might be today but is more likely after the weekend.

Last month the banks increased their base lending rates by only a point to 13 1/2 per cent but a cut of a point is possible.

Prices of gilt-edged stock had been falling even before the announcement of the change in MLR and earlier losses of a point were only extended to 1 1/2 points. Closing losses were between 1/2 and a point for medium and longer dated stock.

Business was much quieter than earlier in the week and opinion was divided as to whether a further tap stock or stocks would be announced this afternoon, possibly with a medium date.

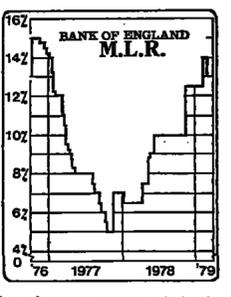
The question is finely balanced, since there is no immediate funding pressure and the decision may depend on the extent to which authorities believe the market has stabilised after a rise in prices of 8 1/2 per cent in three weeks.

The authorities clearly hope that the markets will be fairly quiet until the Budget on April 3. The Bank said: "It would be consistent with the policy of monetary restraint for a period of stability now to ensue."

To underline that, the Bank lent to several discount houses at MLR for a week.

The Budget strategy was discussed yesterday by the Cabinet, continuing the more open practice started a couple of years ago by which Mr. Denis Healey, the Chancellor, presents his assessment of the prospects and other Ministers make suggestions about what should be done.

A significant recent change



has, however, occurred in investor confidence in domestic and external financial markets. That has significantly affected the rise and fall of MLR, in that the authorities have followed rather than led the market. Yesterday's fall in MLR matched a similar decline in money market interest rates.

The main influences on the market have been moderation in inflationary expectations, the direct impact of the much larger than expected sales of gilt-edged stock (nearly £2.5bn in the past month) on the growth of the money supply and the strength of sterling.

The external confidence partly reflects an appreciation that, with growing North Sea oil output, UK is fairly well placed internationally while oil prices rise. It is also a response to domestic monetary restraint and high interest rates compared with other countries.

Short and long term terms rates in the UK have been significantly higher than in other leading industrial countries. That has led to inflows that have supported the pound and the gilt-edged market. The inflows do not yet appear to have been on the scale of 1977, although an indication will be provided by the official reserve figures for February this afternoon.

Lex Back Page

Building societies lending Page 18

Interest rate policy attacked Page 5

£ in New York Feb. 28 Previous

Spot £2.070-0880s2.0725-0255

1 month £2.070-0880s2.0725-0255

3 months 1.071-0110s 0.90-0.95s

12 months 1.000-2.80s 1.15-2.95s

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### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS:		FALLS:	
Bibby (J) .....	220 + 15	Treasury 12 pc 1983 599	- 1
Comet Radiovision	167 + 9	Exchgr 134 pc 1987 2311	- 1
Diploma Inv.	240 + 8	Assoc. Fisheries	39 - 5
European Parties	150 + 8	Beecham	630 - 13
Hawthorn Leslie	110 + 30	Booker McConnell	258 - 10
London	158 + 7	British Enkalon	20 - 3
Lindford Entertainm.	47 + 7	British Vita	146 - 8
Lyles (S)	83 + 15	EMI	118 - 15
MFI Furniture	268 + 8	Eurotherm	321 - 9
Man. Agcy. & Music	145 + 4	Hoover A	157 - 20
Negroti & Zambra	80 + 6	ICI	382 - 20
Plyu	150 + 4	Jacksons Brnt. End	138 - 7
Prop. Sec. Inv.	147 + 9	Ratcliff (GB)	85 - 6
Pyre	108 + 6	Since Darby	96 - 6
Royal Insurance	370 + 10	Union Discount	345 - 10
Spillers	43 + 2	De Beers Deid.	467 - 13
Tricoville	97 + 9	MIM Hldgs.	264 - 5
Wharf Mill	26 + 6	West Drie	2221 - 1
Guthrie Corp.	515 + 30		

### Shares in EMI and Hoover fall

BY JOHN MOORE

SHARE PRICES of two major British companies, EMI and Hoover, dropped sharply yesterday after the two groups released their latest trading results. EMI's shares fell 15p to 118p following a warning of a possible dividend cut, while shares in Hoover, which announced a reduced dividend fall 20p to 157p.

Hoover's final dividend was slashed 31 per cent to 6.39p net amid warnings of further redundancies within the group. Overall the household appliance firm's total dividend for the financial year which ended on December 31 was 19 per cent lower than in 1977. Taxable profits were 57 per cent down at £5.3m.

The group has made 535 people redundant in the past few months in Wales, Scotland and its head office, and said yesterday that more jobs could be axed.

### CONTENTS OF TODAY'S ISSUE

European news .....	2	Technical page .....	15	Intl. companies .....	23-24
American news .....	4	Management page .....	15	Euromarkets .....	22-23
Overseas news .....	3	Arts page .....	17	Money and exchanges .....	25
World trade news .....	4	Leader page .....	18	World markets .....	26
UK news-general .....	5-7	UK companies .....	20-21	Farming raw materials .....	27
—Labour .....	8	Mining .....	21	UK stock market .....	28

### FEATURES

Borrowing policies of UK building societies .....	18	Energy review: The North Sea, Lasmo's appetite ...	13	U.S. motor industry looks abroad for growth .....	22
Politics Today: Carter does good things badly 19		Around Britain: Carpets at Kidderminster .....	16	UK farming: Wintering ewes proves expensive ...	27

For latest Share Index 'phone 01-246 8036

EUROPEAN NEWS

W. German court upholds worker-participation law

BY ADRIAN DICKS IN BONN

THE WEST German Social Democratic-Free Democratic coalition Government and the trade union movement won a major political victory yesterday, when the Federal Constitutional court upheld the validity of the 1976 workers' participation (Mitbestimmung) Act.

problems weighing on industrial relations, notably the safeguarding of jobs.

The Bonn Government will now hope for improvement in the industrial relations climate which has worsened during the past two years to the point where the basic social consensus has seemed seriously weakened.

While this situation has had many causes, the mainstream of the industrial relations movement, grouped under the DGB umbrella organisation (equivalent to the British TUC) has used the employers' Mitbestimmung lawsuit as a pretext to boycott the concerned action conferences.

numerical equality did not amount to parity because of the second, tie-breaking vote given to the chairman.

Herr Otto Esser, President of the BDA (the organisation grouping West German employers' federations) expressed disappointment that the court's decision "does not relieve us of a large number of worries."

While the constitutional court judgment clears away doubts about the Act's legal standing, it also seems to be meant as a reminder to employers, unions and Government alike that they, and not the judiciary, hold responsibility for how the Act is applied in practice.

Outlook bleak for European chemicals

By Sue Cameron, Chemicals Correspondent

A GRIM future for Western petrochemical producers—particularly those operating in Europe—is forecast in a report published yesterday by the Organisation of Economic Co-operation and Development.

The report, based on a study carried out by members of the OECD industry committee, warns that Western petrochemical groups will not find it easy to finance the building of vital new plants between 1980 to 1985.

ITALY'S LOCKHEED TRIAL ENDS WITH LANDMARK VERDICT

Former Defence Minister jailed

BY RUPERT CORNWELL IN ROME

SIG. MARIO TANASSI, the former Italian Defence Minister, was yesterday convicted of corruption and sent to prison for two years and four months for his part in the Italian end of the Lockheed payments scandal.



Sig. Mario Tanassi (right) jailed for two years and four months, and Sig. Duilio Fanali, given a suspended sentence.

The history-making judgment by the country's highest legal authority brings to an end an affair which began three years ago with detailed allegations from the U.S. over improper payments by Lockheed totalling \$1.6m to secure the purchase by the Italian air force of 14 C-130 Hercules military transport planes in 1970.

Two other defendants, Sig. Duilio Fanali, a former air force Chief of Staff, and Sig. Bruno Palmiotti, the private secretary of Sig. Tanassi, were also given jail sentences.

Before being escorted from his home to prison by police, he bitterly attacked the verdict. "It wasn't a political trial, but an outright political crime," Sig. Tanassi declared.

Although the jail sentences meted out against the accused total under 11 years compared with the 58 years sought by the public prosecutor, in many ways the outcome of the trial is a landmark for Italy and its judicial system.

Some aspects of the scandal remain obscure—most notably the identity of the mysterious individual referred to in the Lockheed documents as "Ante-lochkeed cobbler," widely alleged to have been the code name of a former Italian Prime Minister.

before the constitutional court and sent to prison. A major scandal has for once been seen through to the bitter end, in some extent dispelling the view that in Italy one law operates for the strong and another for the weak.

The Lockheed affair, moreover, played a large part in the unprecedented early resignation last June of Italian President, Sig. Giovanni Leone, who was demonstrated to have had close links with the Lefebvre brothers.

The trial itself was statistically remarkable. During its 88 hearings spread over 10 months, 88 witnesses were heard by the court's 29 judges.

Meanwhile the Communist have requested a top level meeting with the Christian Democrats, scheduled for late last night, in a final stage to break the deadlock between the two main parties and allow a new Italian Government to be formed.

Unions see technology threat

BY ROGER BOYES IN BONN

HERR VOLKER HAUFF, the West German Minister for Research and Technology, came under fire from unions who accused him of playing down the effects of new technology on unemployment.

tion of micro-processors and other electronic devices into industry would create more jobs than it destroyed, he insisted.

Delegates at the conference, sponsored by the West German postal workers' union, were not convinced, however. Not only would electronic devices in the Post Office reduce the volume of mail (and thus the number of postal workers needed for sorting and delivery), they said, but would damage other sectors of the economy.

Herr Heinz Esders, deputy chairman of the postal workers' union, said a reduction of mail

would endanger office, secretarial and administrative jobs, and generally aggravate already serious unemployment in West Germany.

Herr Hauff, however, was adamant that the West German Post Office should be in the vanguard of change, using its profits to update the country's communication systems.

The Post Office is one of the few in the world to make a hefty profit in 1977; it turned over DM 31.5bn (£5.5bn) and reported a profit of DM 1.98bn (£350m), most of which was earned by the telephone and telecommunications sector.

French standard of living rises

BY TERRY DODSWORTH IN PARIS

THE AVERAGE French worker saw his standard of living improve last year. He worked fewer hours and increased his spending power by about two per cent.

These are the main points to emerge from the latest report on French salaries published by INSEE, the national statistical office. The figures show that in the 12 months to October, earnings of weekly-paid workers in private industry went up by 11.1 per cent and in the public sector by 11.2 per cent.

By comparison, price increases in the same period amounted to 9.3 per cent. INSEE comments that a similar pattern seems to be true among white-collar workers, although comparable

French standard of living rises

figures are not available.

The statistics cover a period dominated by the so-called Barre plan, named after Prime Minister, Raymond Barre in which incomes policy has been dominated by government concern to control the rate of increase in the interests of damping down inflation.

INSEE say that in large part these objectives have been achieved, with pay increases conforming more or less to the policies laid down by the government in November 1977. As a result, the 1978 rises were in line with the levels achieved in 1977.

The average working week is continuing to grow closer to 40 hours, the level laid down in a

French standard of living rises

1936 law as a base below which workers would be considered to be partially unemployed.

The figures indicate that by last October, the number of blue-collar workers on a 40-hour week had risen to 33.6 per cent from 37.2 per cent the previous year.

At the same time, only 2.6 per cent of the work-force was employed for more than 40 hours per week.

The French television strike, which has gone on for three weeks and emasculated the service while giving a big boost to cinema audiences, is virtually over. Most services will be resuming today following a management pledge to postpone planned redundancies.

Investment law delayed by Lisbon

By Jimmy Burns in Lisbon

THE AUTHORISATION of private investment companies in Portugal, planned for February, has been deferred for several weeks according to Finance Ministry officials.

The background to the delay appears to be the Government's involvement in seeing both its budget proposal and short-term economic plan safely through Parliament in the face of opposition.

Although the investment law in its original form could have been authorised by the Government by the end of the last draft being considered by Sr. Jacinto Nunes, Finance Minister, contains a number of important amendments that Parliament needs to approve.

The most important concerns a new provision for generous tax incentives for investment companies—a controversial point given the storm over the Government's proposed tax increase.

Generally, the investment law as it now stands is believed to be far less restrictive than that proposed by the Bank of Portugal last May, and its eventual authorisation would be far more significant development than was envisaged last year. In particular, the law would lay firm ground for the eventual return of private banks to Portugal. They have been barred from operating here since the 1974 revolution.

The Finance Ministry is considering a number of applications from business and banking groups interested in establishing themselves in Portugal under the new law. These include an investment consultancy firm set up by Sr. Jose Manuel de Mello, a Portuguese industrialist, Morgan Guaranty and Deutsche Bank.

Other applications have come from members of the Espirito Santo family, one of the richest in Portugal under the former regime.

Further applications have come in recent weeks from a team of industrialists based in the north of Portugal who have been grouped together by Sr. Artur Santos Martins, the former Vice-Governor of the Bank of Portugal, and from Sr. Fernando Barata, one of Portugal's most successful hotel and restaurant owners.

Sr. Barata told the Financial Times earlier this week that he planned to set up a special credit institution to promote investment in tourism, a project for which he had substantial financial backing from Persian sources. The Iranian money is believed to have been deposited in London just before the fall of the Shah.

UNION

'Drastic steps needed' to offset Dutch gas decline

BY CHARLES BATCHELOR IN AMSTERDAM

THE DECLINE in Dutch exports of natural gas will increase Holland's balance-of-payments deficit by Fl 25-30bn (£3.75-£5bn) by the late 1980s unless drastic measures are taken, Mr. Frans Adriaenssen, the Finance Minister, said yesterday in a strongly worded defence of the Government's plans to slow the growth of public spending.

Holland's sizeable income from gas exports was not the cause of the sharp rise in public spending in recent years—the trend had already begun before gas sales started—but it partly disguised the cost of the improvement in social conditions.

Official forecasts are for a balance of payments deficit of Fl 3.5bn in 1978, despite the direct contribution of Fl 14bn from gas sales to the payments balance.

The Government's "blueprint 81" policy, which aims to cut the growth in public spending by Fl 10bn to Fl 40bn over the next three years, is the minimum necessary to restore health to the economy, he said in an address to the Economics Faculty of Rotterdam University.

"If we do not take the necessary steps now we will reach the state where developments can no longer be controlled and foreigners lose faith in the soundness of the Dutch economy," he said. "Then we will no longer be in a position to

redirect our economy. It will be done for us."

The Government's "modest and justified" plan to make small spending cuts, spread over a number of years, had been labelled as blackmailing the unions and swindling the weakest members of society, he said. Objection to individual parts of the plan had been laid out in great detail while the overall intentions had been completely neglected.

He warned that greater polarisation which brought with it the possibility of massive protest could limit the Government's power to take action.

The Minister stressed, though, that despite the critical attitude of the unions to Blueprint 81 they were, in general, clearly aware of the reality of the worsened economic prospects.

He dismissed calls for the Government to increase its borrowing on the capital markets. The limits had almost been reached on the public market, he said, while the private market, where Government borrowing doubled within two years to almost Fl 3bn in 1978.

In the long term the Government borrowing requirement must not exceed 4.5 per cent of national income, though the 6 per cent figure forecast for 1979 was acceptable while economic goals were being re-adjusted, he said.

Swiss expect large surplus again in 1979

By John Wicks in Zurich

THE SWISS balance of payments should again show a large current account surplus in 1979, according to a forecast by the official Commission for Economic Studies.

Exports and imports are expected to grow in real terms, though at a slower rate than in 1978. No major changes are anticipated in foreign trade price levels. As a result, there should again be a small trade balance deficit.

Higher net income is expected from invisibles, with a larger tourism surplus and much higher capital earnings, so long as exchange rates are stable.

The Commission reports that the 1978 surplus on current accounts will reach a record of a good SwFr 9bn (£2.67bn). This compares with SwFr 8.3bn in 1977 and a previous peak of SwFr 8.52bn in the preceding year.

The growth of Switzerland's gross domestic product, estimated at 0.5 per cent in real terms, last year, is expected to decline further to a rate of about 0.6 per cent.

For gross national product, the growth rate is expected to fall from 1.2 per cent to 0.7 per cent in 1979. Also, in price-adjusted terms, exports of goods are likely to rise by 3 per cent and imports by 4 per cent, the Commission says.

Chirac demands debate on jobs

BY ROBERT MAUTHNER IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, who sharply attacked the Government's economic policy in a newspaper interview on Wednesday, demanded the recall of Parliament to debate unemployment.

M. Chirac's proposal has caused a political furor because it was made in a letter addressed to the leader of all parties, including the opposition Socialists and Communists, who have already suggested a special session of the National Assembly.

Both M. Chirac, in his interview, and the leader of the Gaullist parliamentary group, M. Claude Labbé, have stressed,

Chirac demands debate on jobs

however, that the Gaullists would not go so far as to join the left-wing parties in voting for a censure motion, which would bring down the Government and lead to a general election.

The recall of parliament for an extraordinary session is an unusual procedure in France. It requires the signatures of a majority of the members of the National Assembly and a special decree by the President of the republic. The last time such a demand was made by a majority of deputies was 1960, when it was vetoed by President de Gaulle on the grounds that it would interfere with the regular functioning of the

nation's institutions.

Though the UDF party, which supports President Giscard d'Estaing, opposes the holding of an extraordinary session, the Gaullists should have no difficulty in collecting the necessary 246 signatures if, as seems likely, the Socialists and Communists support M. Chirac's proposal. Unlike his predecessor, President Giscard is not expected to block the move.

The Chirac proposal is seen as another stage in his anti-Giscard campaign, which has been gathering force as the national elections, due later this month, and the European elections, due in June, draw nearer.

High turn-out urged as Spain goes to polls

BY ROBERT GRAHAM IN MADRID

FOR THE second time in 20 months Spaniards yesterday went to the polls to elect a new Parliament. Commentators predicted an indecisive outcome.

Neither of the two main parties, the ruling Union de Centro Democratico (UCD) of outgoing Prime Minister Adolfo Suarez, and the Socialist Party (PSOE), headed by Sr. Felipe Gonzalez, were expected to achieve an absolute majority.

The low key campaign closed on Tuesday night and the country's 26.8m voters were given a day of "reflection" on Wednesday. In the final days of the campaign, party leaders

have stressed the need for a large turn-out to reduce the previously high predictions of absenteeism.

The abstention rate in the June, 1977, poll, Spain's first democratic election since the death of Franco, was 21.6 per cent. This time, early opinion polls showed an abstention rate of around 30 per cent.

Party officials said that generally good weather throughout the country yesterday could increase the turn-out—a factor expected to favour UCD. They also felt that the possibility of an inconclusive poll producing the prospect of a UCD-PSOE

coalition could prompt some to cast their lot with Sr. Suarez. Early indications were that the poll would be high.

The voting system is based on that of De Hondt. This means that candidates are elected according to the proportion of the total vote their parties obtain in each of the 50 provinces. This tends to favour a party with a strong rural base which can pick up seats on fewer votes in the countryside, and deny electoral victory to a party which may have the most votes but not the most seats.

The complex arithmetic of this system means that until 30

High turn-out urged as Spain goes to polls

per cent of the vote has been counted, it is impossible to have a hint of the result, according to Ministry of Interior officials.

There are 5,687 candidates representing 43 parties, standing for 350 seats in the Lower House. A further 1,382 are standing for 208 seats in the Senate. The parties include several which were previously banned, like the Spanish Workers Party (PTE) and the Revolutionary Workers Party, plus two Basque parties that support militant Basque separatism—Herri Batasuna and Euzkadi Ezkerra.

lame duck affair consisting of M. Tindemans' outgoing Cabinet—is reaching the end of its useful life. The country's 12-week old Assembly and Senate do not meet, budgetary decisions that are urgently needed cannot be taken and the central administrative machinery is grinding to a halt.

The underlying question is how serious does a Belgian political crisis have to be before it must be taken seriously. The country has existed in its present form since 1930, when Lord Palmerston was negotiator of the man-made state. Then, as now, it was an explosive cultural mixture, and beneath its outwardly stolid and bourgeois exterior Belgium boils up to periodic eruptions. In 1950 King Leopold III abdicated amidst civil violence and in the early 1960s widespread rioting and social discord again threatened the country.

Belgians like to see their maverick political system as one that provides vital flexibility. This week they are once again wondering if it is one which guarantees an ultimate explosion.

Extremists threaten to step into Belgium's political vacuum

IT IS now almost three months since the Belgian general election—and still there is no prospect of a new government. In fact, it is 140 days since the Social Christian Prime Minister Mr. Leo Tindemans resigned bringing down his conservative-socialist coalition and a caretaker government took over to prepare the general election and keep the machinery of government ticking over until a successor could be found.

As successive attempts fail to solve the crisis the fear is more and more that extremists belonging to one of the two bitterly opposed language groups which make up Belgium—French-speaking Walloons or Flemings speaking a dialect of Dutch—will try to solve the deadlock in the streets.

Already there have been rumours that Wallonian extremists might try to force the country's economically struggling French-speaking territories into secession by trying to push through a unilateral declaration of independence through the francophone cultural council—an elected body which is

supposed to decide certain cultural questions in its region. The present crisis has its origins in linguistic conflict which has split every Belgian party into Flemish and Walloon wings. The relatively well-established Tindemans coalition government formed in 1978 managed to get broad agreement on a scheme of devolution—known as the Egmont Pact—which would have turned Belgium at least partly into a federal state.

It was hoped that this would lay the basis for a new era in Belgian politics by diffusing the bitter linguistic issue. In particular it was hoped to solve the problem of defining the status of the capital city of Brussels, which is largely French-speaking but which is almost entirely surrounded by Flemish territory into which its suburbs encroach—a development bitterly opposed by the Flemings.

This hope was abruptly frustrated when the coalition fell apart over details of the Egmont Pact particularly the status of Brussels. Some observers blame M. Tindemans himself for this. They say that

having brought the Dutch language parties into the agreement on devolution he saw the chance to steal their clothes and increase the support in Flanders of his own Social Christian party by denouncing the agreement by himself had helped to destroy it.

Wallonia is getting close to the politics of despair. Like a faded aristocrat who is resentful that his former servant should have turned out a tycoon, the Walloons find it hard to accept the reality that the formerly underprivileged Flemish are now bankers to Belgium and are both the more numerous and economically prosperous group in the country. The somewhat incoherent thought behind secession seems to be that the ensuing chaos would shock the Flemings into compromise.

The impetus for breaking-up Belgium comes from the hard-line Front Democratique francophone, but apart from cautious liberal support has gained little acceptance from the important Social Christian or Socialist parties. Against that, though, must be measured the new volatility that has invaded Belgian politics in

recent weeks and the danger that some violent episode could force the more moderate francophone groupings towards militancy.

Despite the fact that the present political crisis in Belgium is the 34th in 40 years, this volatility is the most worrying element in public Belgian politician and observers stress that the country's notorious political bickering is the safety valve of a balance and a healthy democracy. The impasse that has existed since mid-October, they say, when Flemish Social Christian M. Leo Tindemans resigned the Premiership in a row over the plans to settle the language war by introducing a greater degree of devolution in the country is no different.

In private, the noises that the political Belgium is beginning to make are much more disquieting. The fear is that the politicians are no longer in control. The initiative was commented one senior figure in the PSC francophone wing of the Social Christian movement "now rests with voters and they are no longer being determined by the political parties."

Since the mid-December general election following M. Tindemans' resignation there have been three futile attempts at a settlement that would enable the formation of a new government. The Flemish Socialist, M. Willy Claes was appointed "informateur" (or negotiator) by King Baudouin, but could come up with no preliminary formula for a new coalition that must bring together Flemish and Walloon parties and balance conservative and Socialist interests.

He was followed by M. Wilfried Martens, who rivals M. Tindemans inside the Flemish Social Christians, Belgium's rough equivalent to Christian Democrats elsewhere. He was elevated to "formateur" (prospective P.M.).

When he failed, the Palace fell back on the unusual device of appointing two "co-mediators" (joint mediators). One of them was M. Claes, the other a Walloon Social Christian, Ferdinand Nothomb. Both threw their hands in despairing at the beginning of this week.

Press criticism on both sides

of the language divide is being concentrated on the fact that the "same faces" are tackling this crisis as they did other ones. The King, whose integrity and calmness remains irrefragable, has clearly run out of ideas. There is now a groundswell of opinion that the vicious circle should be broken by the appointment of either a "grand old man" of Belgian politics, such as septuagenarian ex-Premier M. Gaston Eyskens, or an administration of "technocrats" the name that has cropped up as potential leader of such a government is Belgium's Viscount Etienne Davignon, currently the EEC Industry Commissioner, although he himself has indicated that if nominated he would not run.

Belgian observers tend to agree on at least one thing: intervention in the shape of a "technocratic" administration is so alien as to be unthinkable. But the options now are few. If neutral referees are out of the question so, too, seem to be the means to make matters worse, the interim government that former Prime Minister M. Paul Vanden Boeynants heads—a

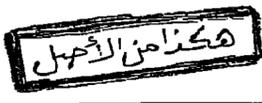
Rescue plan for Zaire whites

BRUSSELS—Belgian paratroops sent to Zaire on a training mission are preparing a rescue plan for Europeans threatened by the increasingly hungry Zairian population. The Belgian news agency said yesterday that the paratroops had been distributing food and preventing pillaging.

The daily newspaper, Het Volk published a letter from a girl student at Kinshasa University which said four students had been injured when Zairian soldiers fired on them during a protest march against lack of food last month.

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# China launches attack on a wide front, Hanoi claims

BY RICHARD NATIONS IN BANGKOK



RADIO HANOI yesterday claimed China had launched large-scale attacks on a wide front north of Lang Son, the provincial capital commanding the most direct invasion route—highway 1A, 85 miles north-east of the capital, Hanoi.

Vietnam said that in heavy fighting on Tuesday and Wednesday its forces had put out of action 2,700 Chinese troops and destroyed eight tanks. Although observers are sceptical of the casualty figures, the reports are thought to pinpoint the battle scenes on the strategic route 1A, a parallel road eight miles to the north-west (1B), and route 103 leading directly to Lang Son.

Earlier intelligence reports indicated that major concentrations of Chinese infantry had not yet been thrown into battle. But fierce fighting along the ridges above route 1A to knock out Vietnamese trenches and artillery positions have been raging for some days, possibly to prepare for a Chinese infantry advance up the road.

Meanwhile, the Vietnamese-backed Government in Phnom Penh has criticised Thailand for collaborating with China in supplying Khmer Rouge insurgents in Cambodia.

Observers here view this as an indirect blast from Hanoi questioning Thailand's neutrality

first have to see if the Cambodian authorities were serious in their accusation.

Although most diplomats agree that the Thais are not co-operating with China in any major re-supply effort to move heavy artillery, trucks or armoured vehicles into Cambodia, local private transactions in trading medicines, food, small arms and ammunition to the Khmer Rouge have sprung up the length of the border.

The Khmer Rouge have built a rough road running parallel to the Thai border which observers suspect is used to move supplies by truck.

These activities may not affect the military balance in Cambodia, but these supplies take the pressure off the Thai border by re-equipping the Khmer Rouge to return to engage the Vietnamese deeper inside the country.

China's invasion has yet to divert any of the 20 Vietnamese divisions occupying Cambodia. (Diplomats here deny Press reports that 30,000 Vietnamese troops have been withdrawn from Cambodia.)

Nonetheless, the fighting on Vietnam's northern border is thought to have distracted attention from Hanoi's forward positions in western Cambodia, taking pressure off the tenacious Khmer Rouge insurgency.

# Amin: a hard man to come to grips with

By Mark Webster

SUPPORTERS AND enemies of President Idi Amin of Uganda seem to agree on at least one thing—that he is a dangerous man and should not be underestimated. Although the present shadow war with Tanzania is probably the most serious threat yet to his eight year old regime, those who know him well are reluctant to write him off too quickly.

"Part of the problem is that the West sees him more as a comic than a murderer," said one Ugandan exile. He added that Amin's ability to juggle with the truth and remain totally unpredictable had proved one of his principal assets in maintaining power despite at least 13 reported attempts on his life, a crippled economy, a chaotic army, a decimated police force and the opprobrium of the world.

But the Tanzanian invasion is only part of the crisis facing Amin. The invasion has done much to encourage internal dissent as was shown in the bomb attack on the industrial area of Kampala claimed by the Save Uganda Movement (SUM). Added to that, the economy is in ruins because of years of neglect and the fall in the price of coffee which is Uganda's principal export.

Faced with acute balance of payments problems, Amin has been anxious to keep exports of coffee up. Last July some of the 1.5m bags of coffee piling up in Uganda had to be airlifted to Djibouti. It is thought that coffee production has dropped considerably from the 1976-77 figure of 156,000 tonnes while the same applies for the other main agricultural products cotton, tea, tobacco and sugar. The situation has been made much worse for the Government by the enormous amount of smuggling which goes on across the borders.

Nonetheless, Amin has other factors in his favour. Years of brutal repression are said to have left the population cowed and there are no reports of widespread popular uprising against Amin. What opposition exists tends to be split along tribal lines with old scores to settle, some of them dating from the rule of Milton Obote whom Amin overthrew in 1972. Finally, there is no apparent big power interest in ousting Amin because other theatres of war are stealing the limelight.

Interpretation of events in Uganda are hampered by the barrage of mis-information coming out of Kampala and the very little information of any kind coming from Dar-es-Salaam. But despite the fog which surrounds events in the country, analysts believe that the situation is finely balanced and could tip quickly in either direction.

On the battle front all that is clear is that a force of Tanzanians, helped by Ugandan exiles, has replied in kind to the Ugandan incursion into Tanzania which began four months ago. The scale of the fighting is unclear and there are strong doubts cast over Radio Kampala claims that Tanzanians took the towns of Masaka and Mbarara and even stronger doubts about Uganda's claim to have recaptured Masaka.

The capital, Kampala, is reported to be quiet even though it is only 80 miles from Masaka. The fact that none of the country's white community of 3,000 have made any attempt to leave is also an indication that most of the fighting is being invented by Uganda in order to make Tanzania's incursion look bigger than it is.

On a regional level, such claims look extremely embarrassing for President Julius Nyerere of Tanzania. Nyerere claims that he is not trying to topple Amin simply to teach him a lesson for his Tanzanian incursion. There is little doubt that Nyerere would like to see Amin go because he feels, as one of Africa's elder statesmen, that Amin's butchery and comedy have brought Africa into disrepute.

On the other hand, Nyerere is in no position to wage a long war on territory more than 1,000 miles from Dar-es-Salaam while his country is facing an economic crisis of its own. If Tanzania with its sorely stretched lines of communication looks in any danger of losing the fight to Amin it is thought likely it would pull out fast rather than lose face.

# Khomeini returns to his holy city

BY ANDREW WHITLEY IN TEHRAN

AYATOLLAH KHOMEINI, returned to Qom, the holy city south of Tehran, where he began his crusade against the Shah more than 15 years ago.

He says he will continue to direct Iran's Islamic revolution from Qom, but the shift of location marks the end of the first period of transition from the monarchy and the beginning of efforts by Dr. Mehdi Bazargan, the Prime Minister, to establish his own authority.

After nearly three weeks of confusion and uncertainty, Iran's future direction has been clarified suddenly in the past 24 hours. The planned referendum to formalise the setting up of an Islamic republic is to be held on March 30 and Ayatollah Khomeini told his followers in Qom yesterday that everyone who believed in Islam should vote in favour.

Shortly after receiving a triumphant welcome from a crowd of about 1m in the city of 444 mosques, the Ayatollah said democracy was a Western term "which we reject." Nevertheless, voting would be free, even for the return of the Shah.

In Tehran, a report of the capture of a U.S. surveillance station at Kabkan on the Soviet border by armed guerrillas last weekend and the subsequent freeing of the 20 U.S. staff by the Iranian air force, gave added force to the Prime Minister's complaints on radio and television that his authority was being undermined. Dr. Bazargan repeated a threat to resign yesterday.

He faces two serious, interlocking problems: lack of authority because of the way guerrillas are taking independent action and retention of power by the shadowy "Khomeini committees."

Contrary to earlier expectations that nightly exchanges of fire in the capital and elsewhere would die down as time went by, clashes have built up in intensity and scale, over the past week. No plausible explanation has been forthcoming.

With Khomeini's departure to Qom, to settle down to theological affairs and a backseat role in politics, the power of the committees is expected to decline. As his stand-in in Tehran, the religious leader has appointed Ayatollah Taleqani, a man respected by left-wingers and westernised Iranians, as well as by the orthodox Moslem faithful.

Despite several strong denunciations by Tehran of "Kangaroo justice" in the provinces, reports are still reaching here of summary trials and executions of those charged with having committed offences under the Shah's regime. In Abadan, on the Gulf coast, two men were executed publicly early yesterday. Another man died after a brief trial in Qazvin, west of Tehran.

The ferocity of Dr. Bazargan's attacks on those undermining his authority has taken Iranians by surprise, more especially because of his criticism of those around the Ayatollah. The Prime Minister appears to have been stung in particular by the mounting campaigns against General Mohammad Valfaraj, his armed forces chief of staff, and Mr. Sadegh Qotbzadeh, the head of radio and television. Subordinates have begun strikes against both men.

Western diplomats said yesterday that Dr. Bazargan's fireside chat approach in his broadcast appeared to have gone down well with Iranians. He complained of what amounted to a parallel government. "They arrest people, they issue orders, they oppose us, they are against our appointments. If this goes on, we shall have no alternative but to resign," he said.

Dr. Bazargan's moderate, flexible approach to Iran's future course has the powerful backing of three of the country's most senior religious leaders in Qom, headed by Ayatollah Sharafat-Madhari. Until they met yesterday in Qom, Sharafat-Madhari and Khomeini had had no direct contact since the latter's return to Iran a month ago.

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# 'Israel needs Suez oil'

By David Lennon in Tel Aviv

THE GULF of Suez area under Israel's control could easily provide all its oil needs for the coming 30 years, according to Mr. Eitan Eisenberg, the former general manager of two American oil-exploration companies operating in the Sinai.

Israel currently draws one-fifth of its annual needs from the Alma field, which is discovered in the Gulf and brought on stream last year.

Israel agreed to return the area to Egypt if a peace treaty is signed, but the Government only realised the value of the area when Iran cut off oil supplies, the veteran Israeli oilman explained.

It was only after the Iranian crisis that Israel began to place the oil issue high among its priorities in the peace negotiations with Egypt.

However, during the Camp David negotiations last week, Mr. Mustafa Khalil, the Egyptian Premier, told Mr. Moshe Dayan, the Israeli Foreign Minister, that all the other issues in dispute had to be resolved before talks could start on the future supply of oil.

# No reprieve for Bhutto if appeal fails, Zia hints

BY CHRIS SHERWELL IN ISLAMABAD

IN HIS MOST detailed and outspoken comment on the case so far, Pakistan's military ruler, General Zia-ul-Haq, has in effect announced that he will uphold the death sentence on the former Prime Minister, Mr. Zulfikar Ali Bhutto if that is what the Supreme Court finally decides.

At a Press conference in Lahore yesterday he said he would not exercise his prerogative as President to decide Mr. Bhutto's fate. He added: "I see no justification why a head of state should come to a thing contrary to what has been decided by the courts."

He also accused certain "vested interests" of trying to politicise the case—an echo of the criticism already voiced in court this week by Mr. Anwar-ul-Haq, the Chief Justice, in referring to one of Mr. Bhutto's lawyers. "I want to make abundantly clear to them that they will never succeed in their attempts," General Zia declared.

The military ruler's comments come at a particularly delicate time. The Supreme Court is due to finish hearing defence arguments for a review of the controversial judgment this weekend.

In a surprising contradiction, General Zia denied that he had said he would consult his senior military colleagues and civilian Cabinet when deciding Mr. Bhutto's fate.

The television interview during which he made these comments appeared in all the local newspapers thanks to a Government press release. The relevant portion of the interview was never screened.

Responding to another report, General Zia denied having a telephone conversation with anyone over the issue of clemency. The reports said he had spoken to King Khalid of Saudi Arabia, probably the most influential of all heads of state in the Bhutto case.

General Zia blunted the impact of the appeals by saying they were being made on humanitarian grounds because the death penalty had been abolished and had acknowledged that the matter was Pakistan's internal affair in which they did not wish to interfere.

He said he was not concerned whether a petitioner was a big politician, military officer, tax collector or farmer. Mr. Bhutto's case was not a political case, he said, and it had no political implications.

# Arab oil states to attend Egypt economic talks

By Richard Johns

SAUDI ARABIA, Kuwait, the United Arab Emirates, and Qatar have agreed to attend the consultative conference of Egypt's main creditors, which is to be held under the aegis of the World Bank in June.

Despite their reservations about Cairo's approach to a Middle East peace settlement, the Finance Ministers of the four Arab oil producing countries gave assurances to this effect to Dr. Hamid Al Sayid, Egyptian Minister of Finance, during a meeting here of the Arab Economic Unity Council.

The four members of the Gulf Organisation for the Development of Egypt also said that they would continue to assist the country's development, according to Dr. Sayid, who described the results of his talks with them as "positive."

They did not, however, offer an increase in the \$2bn capital subscribed in 1976. Last summer, before the rift created by Egypt's conclusion of the Camp David's accords with Israel, they rolled over the debt plus accrued interest until the end of the century.

# USSR moves destroyers into East China Sea

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

FIVE SOVIET naval ships, including three destroyers and a heavy cruiser, have now sailed past Japan into the East China Sea since the start of China's invasion of Vietnam.

Two of the destroyers, one Krivak class and one Kashin class, and the Sverdlov class cruiser were all sighted by Japanese Defence Agency reconnaissance aircraft while passing through the Izu-shima straits between Japan and Korea between February 21 and 26.

The third destroyer, of the Kotlin class, and a submarine refuelling vessel were seen moving westwards through the Tsugaru strait which separates Japan's main island of Honshu from the northern island of Hokkaido. The Defence Agency believes that several of the ships are now cruising off Shanghai.

The Soviet Union has also despatched long range reconnaissance aircraft from bases in Siberia to the Indochina region on two occasions since the start of the war. The aircraft are of a type which can fly from Siberia to Vietnam and back on a single mission without refuelling.

Defence experts in Tokyo doubt whether the Soviet naval presence in the Far East is strong enough to be able to exercise any significant influence on the outcome of the fighting in Vietnam. Lack of air cover would seriously handicap Soviet naval operations in the area and might mean that Soviet naval presence was not even a match for that of China.

Tokyo Stock Exchange, Page 24

# Exploration deal in Gulf of Thailand

By Philip Bowring in Hong Kong

THAILAND and Malaysia have agreed to cooperate in the exploration and exploitation of a disputed seabed area in the Gulf of Thailand. The accord was reached at a meeting in Chiang Mai, Thailand, this week between General Kriangsak Chamanan, the Thai Prime Minister, and Datuk Hussein Onn, his Malaysian counterpart.

The agreed area covers 2,058 sq. km but the precise locations have not been spelled out. For several years Malaysia has claimed part of an area in which Thailand granted an exploration concession to Triton Oil. The company has not drilled there since 1975 as the most promising part of the concession was subject to the Malaysian claim.

This area is believed to be part of the structure in which Esso has found gas on the Malaysian side of the line. Although the successful Esso well is not within the area claimed by Thailand, if the find in that location proves commercial, it may be included in the new agreement.

An end to the dispute will not only make possible the proper exploration of a promising area, but could open the way for the sale of gas from the Malaysian area to Thailand.

Thailand is to build a pipeline to serve deposits found by Union Oil and Texas Pacific slightly north of the disputed area. The Esso find to the south is too far away from a potential market in Malaysia to be developed at present and extension of the Thai pipeline would enable the Esso gas to be sold in Bangkok.

It is not clear what revenue-sharing arrangements will be made between the two countries, but the existing agreements with Triton and Esso are unlikely to be seriously affected.

Apart from the two commercial gas finds in the Thai areas of the Gulf of Thailand, oil and gas have been found further south off the coast of Trengganu in Malaysia.

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**U.K. & JAPAN**

**Japanese Import Promotion Mission Is Now In The U.K.**

population: 56,000,000

population: 115,370,000

We seek for British goods to Japan.

The Japanese Import Promotion Mission consisting of nearly 100 businessmen led by Mr. Taiichiro Matsuo is now visiting London, Manchester, Edinburgh, and other cities to promote imports from the U.K.

KEIDANREN (Federation of Economic Organizations) in Tokyo has drawn up a paper which is to be distributed to British businessmen by the Mission to facilitate British exports of finished goods to Japan. The paper, explaining Japanese distribution system, suggests that the best access channel to the Japanese market depends upon the nature of products. For example, exports of everyday goods such as foodstuffs, clothing, home appliances, and sundries are best handled not only by department stores but also by rapidly expanding supermarkets. On the other hand, jewelry, fashionwear, furniture, and other high-priced goods are best sold by department stores and specialty shops.

Japanese firms are trying hard to expand imports of British goods, and this effort is paying off. The dollar amount of Japanese import of scotch whisky have tripled and those of precision machinery have quintupled over the past five years. The British Market Council, established by Japanese businessmen soon after the first Import Promotion Mission visited the U.K. in 1973, has played a big role in this expansion.

Although Japan has been criticized for the current account surplus in its international balance of payments, the latest official statistics indicate that Japan's overall imports in January totalled US\$7,510,973,000 (£3,902,021,226) to surpass exports by US\$1,434,790,000 (£745,386,921). The trade balance with the U.K. is still unfavorable to the U.K., but the same statistics show that Japan bought 43.7% more British goods last year than in the previous year. Japanese trade figures are moving back into balance, which not only benefits Britain and Japan, but the rest of the international economic community as well. The Japanese Import Promotion Mission is doing its part to further this constructive equilibrium.

**JAPAN INSTITUTE FOR SOCIAL AND ECONOMIC AFFAIRS**

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AMERICAN NEWS

WORLD TRADE NEWS

Canada gas surplus may go to U.S. EEC's exports to Japan show signs of faltering

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Cabinet is studying a National Energy Board report which says that Canada has sufficient natural gas in reserve to export 2 trillion (2,000bn) more cubic feet to the United States during the 1980s...

that it will probably allow to cool until after this year's election. The NEB told the Government in effect, that it has a choice between offering the businessmen and voters of Quebec and the Maritimes...

EEC's exports to Japan show signs of faltering

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

EEC EXPORTS to Japan, which grew fast during most of 1978 (especially in the manufactured goods field), have recently begun to show signs of faltering...

In January, however, U.S. exports to Japan continued to rise rapidly (by 44.5 per cent) while the EEC growth rate shrank to 28.7 per cent.

UK and West Germany, partially offset by a sharp (41 per cent) rise in French exports. American exports to Japan from the final quarter of 1978 onwards appear to have started to benefit from the delayed impact of dollar devaluation.

Third World urged to form global alliance

By Brij Kishore in Geneva

DEVELOPING countries should establish a global system of trade preferences to speed up the growth of trade among themselves and promote economic co-operation...

Venezuela seeks oil price rise by changing supply contracts

VENEZUELA. A key exporter of fuel oil to the U.S. is understood to be asking buyers to accept modifications in supply contracts, in order to allow it to take advantage of current soaring oil prices on a day-to-day basis.

in international oil company representatives on Wednesday to discuss the issue but they were given no clear indication as to whether a surcharge would be applied or not.

Oilmen report that the upsurge in fuel oil demand caused by severe winter weather in the U.S. and the Iranian crisis has given Venezuela a "fantastic cash flow" at present.

Carter plans new Resources Department

BY JOHN ELLIOTT IN PEKING

PRESIDENT CARTER yesterday asked Congress to create a new department of Natural Resources. The core will be the existing Interior Department, which will be lumped together with the U.S. Forest Service, taken from the Agriculture Department...

Car companies in China talks

BY JOHN ELLIOTT IN PEKING

MOTOR MANUFACTURERS and component companies from at least six major countries are now preparing proposals for modernising China's outdated car and truck industry.

countries are discussing modernising China's main saloon car factory in Shanghai. According to Chinese planning officials in Shanghai they are General Motors, Ford and Chrysler from the U.S., Citroen and Renault from France, Volkswagen from Germany and Datsun from Japan.

Europe in the late 1950s, which sells for about £3,000. This is said to include only £300 profit because of the expensive production system.

SE Asian conference criticised

By Anthony Rowley in Hong Kong

THREE DAYS of intensive discussions aimed at significantly increasing Europe's industrial presence in South East Asia, and involving about 770 businessmen, bankers and bureaucrats ended here with the claim that they marked a "major step forward" in EEC-ASEAN cooperation.

U.S. savers seek higher yields

BY STEWART FLEMING IN NEW YORK

AMERICANS ARE intensifying their efforts to find new outlets for their savings which offer higher rates of interest than traditional savings deposits, says a report from the Federal Home Loan Bank Board (FHLBB).

the certificates in June of last year, and double the rate of inflow in December. The introduction of the certificates was designed to try and ensure that as U.S. interest rates rose, the savings institutions would not be impeded from attracting new deposits by regulations limiting the rate of interest they can pay to between 5 per cent and around 8 per cent depending on how many years the funds are deposited.

banks have also attracted several billion dollars of funds by this means) is spurring imitators who are proving no less successful in persuading Americans who want to protect their savings against inflation.

Giscard offers \$200m deal to Mexicans

MEXICO CITY

President Valery Giscard d'Estaing of France has offered Mexico a \$200m package of French equipment, technology and loans during his first round of talks with President Jose Lopez Portillo during his visit to discuss Mexico's \$225m deficit with France.

\$15m credit line for Poland

Financial Times Reporter

FOLLOWING THE \$30m (£15m) line of credit arranged last year National Westminster Bank has now signed a further \$30m (£15m) loan agreement with Bank Handlowy w Warszawie of Warsaw to finance sales of artificial fibres and chemicals by UK suppliers to Polish buyers.

Finns ease import curbs

BY LANCE KEYWORTH IN HELSINKI

THE BANK of Finland has abolished the so-called cash payments system for imports with effect from March 1. The system required that imports of certain goods had to be paid for in cash before customs clearance and was, in effect, a non-tariff barrier.

Promising outlook for Boeing 757

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

Today, British Airways is due to sign in London its £400m contract for 19 of the new Boeing 757 short-to-medium range jet airliners, using the new 535 version of the Rolls-Royce RB-211 engine.

Liberals lobby against budget cuts

BY JOHN WYLES IN NEW YORK

LIBERAL DEMOCRAT disenchantment with President Carter has surfaced in Washington in the last two days with a major lobbying effort by a new coalition, the Progressive Alliance.

Senator Edward Kennedy but many intend to work against Mr. Carter if he decides to seek a second term. The alliance was formed last October on the initiative of Mr. Douglas Fraser, president of the powerful United Union of Auto-workers. Some 114 organisations were represented at an inaugural meeting in Detroit, including Americans for Democratic Action, the National Organisation of Women, and a number of black groups.

Children's Defence Fund, have been testifying before the House Budget Committee. They also addressed a mobilisation rally of alliance supporters attended by more than 350 people. Alliance members yesterday lobbied individual congressmen to urge restoration of federal welfare programmes threatened by the budget proposals.

Defence policy under fire

WASHINGTON

In a sweeping attack on President Jimmy Carter's defence policies, the Republican National Committee said yesterday that U.S. military strength is weakening and America is rapidly becoming No. 2.

AIRLINER SALES Promising outlook for Boeing 757

Today, British Airways is due to sign in London its £400m contract for 19 of the new Boeing 757 short-to-medium range jet airliners, using the new 535 version of the Rolls-Royce RB-211 engine. This deal will be followed soon by the signature of Eastern Air Lines of the U.S. of its own £400m contract for 21 of these airliners, also using the Dash 535.

larger semi-wide-bodied 767 jet already launched by Boeing and which has won firm orders for 84 aircraft and 79 options. Already, Boeing is discussing with other airlines world-wide further orders for both new types of jet, and expects firm sales soon.

Rolls-Royce does not expect to win all the 757 orders with the 535 engine, but out of total orders for upwards of 1,000 aircraft by 1980, it believes it could get at least half. Already work on the 535 is well advanced at Rolls-Royce's Derby factory. Components are being made for 10 development engines, six of which will be on test before the end of this year.

use in the U.S. The U.S. plant will also undertake a substantial volume of research and development work. Although complete engine manufacture there is not currently envisaged, some engine parts could be made there. For British Airways, the 757 deal represents a chance to introduce a new jet that will progressively take over from Trident Three in the 1980s on the longer routes in Europe where traffic is growing and where improved performance is needed to meet rising fuel and other costs as well as increasingly stringent noise regulations.

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مكتبة الأهرام

# Reckitt plans joint venture in W. Germany

BY SUE CAMERON, CHEMICALS CORRESPONDENT

RECKITT AND COLMAN, the UK-based pharmaceutical and consumer products group, is planning to set up a joint venture company with Boehringer-Mannheim, one of West Germany's biggest pharmaceutical companies, to market two of its prescription-only drugs there.

Reckitt said yesterday that the project was part of its long-term plan to build up its pharmaceutical business internationally using drugs that it has researched and developed in the UK. The new joint venture will mark Reckitt's first venture into prescription drugs on the Continent.

The group already sells over-the-counter medicines such as Disprin in Europe. It has also set up joint venture companies to market prescription drugs in the U.S., Brazil and other Latin American countries.

Boehringer-Mannheim will provide the staff and other resources for the new marketing project. But the two Reckitt drugs, Fienac, which is used in the treatment of arthritis, and Temgecic, a pain killer, have been researched and developed in the UK.

Boehringer-Mannheim has already started work on the registering of the two drugs in West Germany and this is expected to be completed by the early 1980s. Both drugs are already registered and sold in the UK.

Boehringer-Mannheim and Reckitt and Colman are understood to be financing the new company on a 50-50 basis but yesterday Reckitt would not give details of the sums involved.

# Bank lent £30m to chairman's companies, QC alleges

BY JAMES BARTHOLOMEW

THE ISRAEL-BRITISH BANK, the only fringe bank to collapse in the crisis of 1973-74, lent £30m to four Lichtenstein companies founded by the chairman of the bank. That was alleged yesterday by Sir Michael Havers QC, the leading prosecution counsel, on the first day of the fraud case against three directors and an auditor of the now defunct bank.

Mr. Harry Landy, former chairman and joint managing director, Mr. Arthur White, Mr. Charles Kaye and Mr. Peter Lynn, an auditor, deny conspiring with the late Mr. Walter Williams, the late Mr. Isaac Cotton and Mr. Joshua Benson, at present in Israel, to defraud lenders and depositors between 1968 and 1974.

The three directors also deny conspiring with Mr. Benson and Mr. Cohen to utter forged

invoices, knowing them to be false and with intent to defraud.

Opening the prosecution case, Sir Michael said that the bank nominally had assets of £49.4m and liabilities of £43.8m. But the assets were found to be worth considerably less and the net liabilities were now expected to amount to about £20m.

Three factors accounted for the shortfall. Loans and advances of £30m were made to four companies in Lichtenstein which were founded by Mr. Landy. Those loans were unsecured, Sir Michael said. They were not guaranteed until 1972 and the guarantees turned out to be worthless. Almost all the foreign loan book was to those four companies.

Just under £5m was lent to the family of and companies related to Mr. Walter Williams,

the guiding light of the bank. The loans were on "amazing terms," Sir Michael alleged. Mr. Landy, who was married to Mr. Williams's eldest daughter, received a loan which Sir Michael described as "paradise." It was £1m interest-free and unsecured. "They would draw upon the bank for any use they wanted," Sir Michael said.

Bills of exchange worth about £2m covered diamond shipments. The bills were discounted in London but the diamonds did not exist and the documentation was false. The bills had been used by the parent bank, the Israel-British Bank of Tel Aviv, to circumvent British exchange control regulations which prohibit foreign banks from being overdrawn on their sterling account. It was also a way of raising funds.

# Ocean line sells 26th ship

By Lynton McLain

OCEAN TRANSPORT and Trading, the Liverpool shipping company, has sold the 51,000-deadweight tons bulk carrier Hector, bringing to 26 the number of ships it has sold since January last year.

The company lost £2m on sale of its ships in the first half of the financial year, which ended on December 31. This compared with a profit of £658,000 on ship sales in 1977.

The Hector was sold to EuroCanadian Shipholdings, which will convert her for container work in the North Atlantic.

When the Hector and another vessel, the Prometheus general cargo liner, which has also been sold, are delivered to their new owners, the total Ocean Transport and Trading fleet will be 31 ships. This is less than half the number of ships which sailed under the Ocean flag at the beginning of last year.

Total value of the ship sales has not been disclosed, but is expected to run into tens of millions of pounds.

Prices of second-hand ships, which reflect activity in shipping, were more than 50 per cent higher in January than a year earlier.

Ocean has responded to this rising market, and used the sale of ships to help fund new, more economic vessels.

# Oil import bill cut by £600m

BY KEVIN DONE, ENERGY CORRESPONDENT

RISING North Sea crude oil production by the UK last year helped cut the import bill by £600m compared with 1977, and petroleum exports were worth £2.2bn, an increase of £182m over the previous year. However, the petroleum import bill was still £4.8bn.

Crude oil production from 12 North Sea fields is building up gradually and in January was providing more than two-thirds of UK needs.

The UK is expected to reach net self-sufficiency in crude oil production next year, but Britain will still have to import a large part of its crude oil. About 44 per cent of North Sea crude production was exported last year. Most North Sea oil is light and has a low sulphur content, which makes it suitable for refining into light products, such as petrol, naphtha and middle distillates.

In order to produce the full range of oil products most economically, however, UK refineries need a mix of crudes, which means that a large part of North Sea oil will always be exported in exchange for other crudes from the Middle East.

North Sea production in January averaged 1,456,941 barrels a day, compared with 1,348,251 barrels a day in December.

According to the latest figures from the Department of Energy, total crude oil production in the UK last year, including condensates, was 53.4m tonnes, some 40 per cent higher than the previous year.

The total output of refined products was 89.2m tonnes, 3.3 per cent higher than 1977. The largest increases in demand were for the lighter products, output of jet fuel was up by 19.5 per cent, petrol was up by 7.8 per cent, and burning oil by 6.2 per cent.

Natural gas is also playing an increasing role in the UK energy market. Last year the total supplied was 3.1 per cent up on 1977. Imported gas, mainly from the Norwegian portion of the North Sea Frigg Field, accounted for nearly one-eighth of the total, and there was a reduction of 5 per cent compared with 1977 in the amount of gas taken from the UK sector of the North Sea.

Because of the very cold weather, gas sales in January reached an all-time record of an average of 490m therms a week, 12 per cent higher than a year ago.

Total coal production increased by 1.4m tonnes last year, an increase of 1.3 per cent, to 123.6m tonnes. But the UK burned 2.9 per cent less coal last year, a reduction of 3.6m tonnes on 1977.

# Government attacked over interest rates

BY MICHAEL LAFFERTY

GOVERNMENT FINANCIAL policy was attacked by Mr. Ralph Stow, chairman of the Building Societies Association, last night. He said it caused high interest rates and called for a public debate.

Mr. Stow said that recent upward pressure in UK rates had been generated domestically. The balance of payments was in equilibrium, gold and currency reserves had improved and the pound had been steady on foreign exchanges.

There was no external pressure on interest rates, yet money was circulating within the economy—from the Bank of England, through commerce and industry, through financial intermediaries such as building societies, through the Government in taxation, and back to the Bank—and at most stages paying more and more in increased interest rates.

The "modern myth" that government can only finance its essential borrowing requirements by offering even higher rates of interest should be challenged and replaced by a sounder philosophy.

"I see the Bank of England has been urged to appoint a senior clearing banker as a non-executive director—surely building societies should be similarly represented."

# Bid case accountant reprimanded

BY MICHAEL LAFFERTY

THE ENGLISH Institute of Chartered Accountants has taken disciplinary action against Mr. Peter David Brown, a director of Portfolio Management, after last October's statement by the Takeover Panel, which censured Mr. Brown for alleged

insider dealing. It has reprimanded Mr. Brown and ordered him to pay £100 costs.

The case concerns dealings by Mr. Brown in the shares of Ultra Electronic Holdings when he knew that another company, Racial Electronics, was con-

templating a bid for Ultra. Mr. Brown has always insisted that he had no knowledge of the possible Racial bid. He said yesterday that he had no faith in the procedures of the panel.

He says that he has no quarrel with the institute and will remain a chartered accountant.

# BARCLAYS BANK HELPS EMI BRING THE LIFE-SAVING SCANNER TO SPAIN

Barclays Bank International provided finance to help develop and sell the EMI-Scanner. In just five years over 900 systems have been installed throughout the world, in Spain and 40 other countries.

The EMI-Scanner was a brilliant technological breakthrough. It benefits doctors and patients everywhere.

These computed X-ray systems produce diagnostic pictures of any section of the body with unique detail

and accuracy. Doctors can examine patients quickly, and determine life-threatening conditions which might otherwise be difficult or impossible to diagnose.

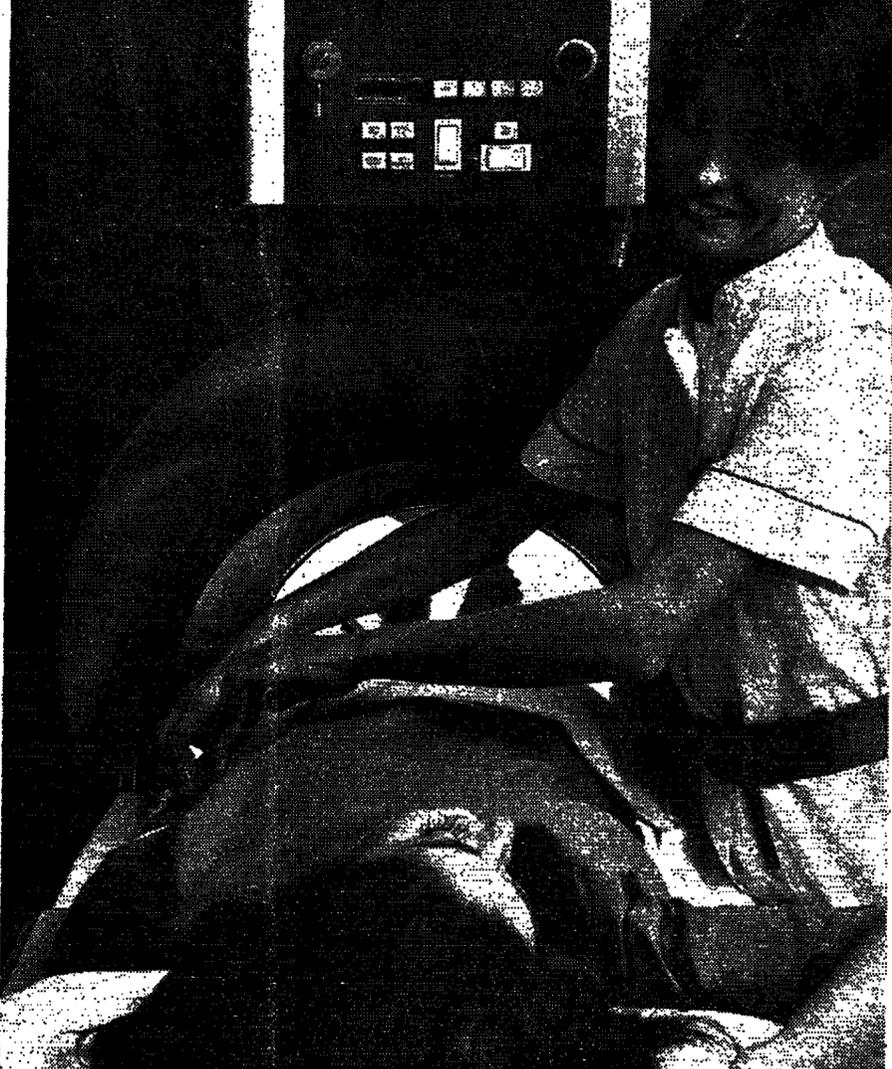
Barclays were able to help EMI Medical market the Scanner because we have our own people and our own offices worldwide where they are needed for international business.

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We help most of the world's successful international companies. Somewhere there is a market where we can help you.



# Marconi secures £20m radio order for Army

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

MARCONI SPACE and Defence Systems, a member of the GEC-Marconi Electronics Group, has won a contract worth more than £20m from the Ministry of Defence for radios for Army vehicles in the 1980s.

The group's VRC-353 radio has been designed specially for military vehicles and is part of the Glanman range of radios with which the British Army is being equipped.

The contract will employ 600 people at the company's Dunfermline factory for several years.

# GEC joint venture

GENERAL ELECTRIC has completed its deal with Fisher Controls of the U.S. to form a joint venture company with £100m turnover, combining Fisher's control valve skills with GEC's expertise in electronics.

# Pilkington change

THE MAIN company of Pilkington Brothers, the glass-making group, is to become solely a holding company with the transfer of its remaining manufacturing industries to two new subsidiaries.

# Horizon prices up

CHRYSLER UK has increased the prices of all Horizon models by 2.1 per cent. The cheapest Horizon now costs £2,789.80.

# Advice centre cash

CENTRAL GOVERNMENT funds must be available to neighbourhood advice centres as an alternative to local authority finance if the centres are to remain independent, the Royal Commission studying legal services will be told today.

# Tax case delay

THE NEXT move in the Marine Midland tax case may not be

# Museum buys drawing of Cheapside offices

PUBLIC institutions were active in the saleroom yesterday at Sotheby's auction of British watercolours and drawings. The Victoria and Albert Museum paid £220 for a 1937 drawing by Cyril Farey of offices in Cheapside, and the National Trust bought a watercolour of Clumber House in Nottinghamshire, which is now demolished, for £55.

# SALEROOM

BY ANTONY THORNCROFT

Westminster City Library paid £170 for a design for houses in Old Queen Street by Farey, while Margate Library bought a watercolour by Benjamin Pouncy of a public breakfast at Margate for £70.

The top price was the £1,050 paid by a private purchaser for an album of works by George Graham.

In a sale of books on travel and topography at Sotheby's, Chancery Lane, The Holy Land by David Roberts in six volumes fetched £4,400 and another copy for £4,800, while Our Village Clockmaker Solving a Problem by James Campbell brought £3,600. A coastal scene by Ivan Alivazofski sold for £2,600.

Christie's sale of oak, pewter and metalwork produced a record total for an auction of this kind of £127,586.

Phillips disposed of musical instruments for £54,059 with Venetian violins in demand. One made by Giovanni Schwarz in 1903 sold for £4,200, while another by Eugenio Degani, of 1891, made £2,600.

# Price Commission flexes muscles

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION yesterday flexed the muscles it has been holding in check for the last 18 months and—

for the first time—recommended that a big industrial company should have its prices frozen for a year.

BOC, the supplier of industrial gases to most of British industry, had sought a 9.8 per cent price rise back-dated to last October. Its main competitor—Air Products—had sought, and been given, a 6 per cent increase by the commission last December.

But yesterday, the commission recommended that BOC should be restricted from raising prices until next October—12 months after its application for a price rise and 18 months after the company's last increase.

Previously the commission's strongest move had only been to cut price rises sought by big companies—Ever Ready and Burtin's are two examples—but never before had it recommended a total freeze.

The commission's tough move is all the more surprising since it was not aimed at penalising the company for its much-publicised "phony" productivity deals in the last two pay rounds—settlements which the commission's report clearly reveals were not self-financing, as had been claimed—but because the company's management structure and lack of

control had led to higher costs than necessary. "We believe that the issue of cost minimisation is the most significant to have emerged in this investigation, and therefore the cumulative effects of the problems we have noted have been given considerable weight in determining our recommendations," says the Commission's report.

It believes there is sufficient scope for the company to improve efficiency to enable it not only to recover increased costs but to meet its target rate of return on capital and make an adequate profit.

Concentrating on the efficiency aspects of BOC—whose chairman, Sir Leslie Smith, has been recently appointed a part-time member of the National Enterprise Board—the commission has made it clear once again that it does not intend to be used as a pay board to monitor wage deals.

Instead, the BOC report is a direct result of the commission's conscious policy to set itself up as the arbiter of corporate efficiency rather than a front-line fighter in the battle against inflation.

Mr. Charles Williams, chairman, has acknowledged the difficulties of any body such as the commission to have more than a marginal effect on limiting the inflation rate.

Instead, Mr. Williams and his



SIR LESLIE SMITH Chairman of BOC International

colleagues believe that increased efficiency and competition have a far more lasting effect in the long term on inflation than short-term controls. The aim, therefore, has been to identify the market leader in various sectors of industry and closely examine that company's efficiency in the hope that a critical report will have repercussions on other companies in that sector.

the policy, which has been made clear by the CBI and the Conservative Party among others, is that under three months (the length of a Commission investigation) is too short a time for a team of investigators to make the final pronouncement on the management of a diverse and complex company in an important industry. Monopolies Commission probes usually take years rather than months, critics of the Price Commission point out.

Such criticisms, however, have not diminished the commission's determination to improve the general level of efficiency in British companies.

In the case of BOC, the commission is critical of both the company's management structure as well as the number of managers. The report argues that BOC's decentralised approach to management control has created unnecessary problems.

"On balance, we believe that the regional line-based organisation with functional advice from BOC headquarters has tended to create conflicting aims between the centre and the operating units and has not been the best method of control for what is essentially a national logistics system," the report says.

Instead the commission considers that production and distribution of bulk and cylinder gases should be organised on a

national basis with central control and accountability.

After the commission began its investigation into BOC, the company started to change its management organisation "in a determination to respond to the market, place, reduce costs and reinforce the direct relationship between Head Office and the operating units." The report says that the "present functional organisation will be replaced by one based on business groups with the responsibilities being clearly defined and related to accountabilities."

The report also highlights the growth in the management salaries bill over the last few years, due to the increased recruitment of graduates and skilled technologists. BOC, says the report, is determined that the company should grow, and believes that this must include renewing and revitalising its technology.

But the report suggests that "BOC's dedication to growth has perhaps resulted in a delay in the recognition of the need to reduce the cost of management which has become too high relative to levels of output."

On the credit side, however, the report says that BOC is an efficient producer of gases. "It has technologically sound and well managed production sites for tonnage and bulk supply, and its planning and budgeting procedures are satisfactory."

## NEWS ANALYSIS

### BOC FACES ONE-YEAR FREEZE

BY DAVID CHURCHILL

Apart from management costs, the report is highly critical of BOC's productivity, especially following substantial productivity pay awards in 1977, and last year.

"We have seen no evidence that the productivity agreements were constructed to lead to gains in efficiency at unchanged levels of production."

It points out that production for the nine months from January to September last year—after the 1977 strike and pay settlement—did not reach the level of the previous year.

The commission calculates that "if output per man is not increased to compensate, the productivity payments for the two years together could cost the company in 1978-79 as much as the additional revenue which would arise from the proposed price increases under investigation."

The commission therefore suggests that, in view of the scale of the pay settlements, "management and unions will feel an urgent and continuing responsibility to review standards of operational efficiency to improve productivity of all grades of staff."

Other cost increases criticised

in the report include the 10 per cent jump in staffing levels in the two years to last September which was not based on a corresponding growth in the business.

In addition, although BOC spends more than £1m each year on its security force and considerable management effort is directed to reducing illicit losses, more than 30,000 cylinders are missing each year at a cost of £1.7m. And very large volumes of gas are distributed in cylinders to an illicit market for which no revenue is received. The estimated loss is £1.2m to £2m a year.

The annual cost of these losses is broadly equal to the estimated additional revenue that would have been achieved from the proposed price increases, the report points out.

The report acknowledges that, without the proposed price increases and any other changes, the company's return on capital on its cylinder business is likely to fall to about 34 per cent in 1978-79, against a target of 10 per cent on a current cost accounting basis. But the commission believes that by achieving a higher return on sales to some larger customers and



MR. CHARLES WILLIAMS Price Commission chairman

necessary improvements in controls, staff and labour efficiency, the target return would be attained and perhaps exceeded.

In spite of the tough words in the report, the commission does offer BOC a concession. If "serious progress" is made in the company's programme to improve efficiency, then the commission would look favourably on any new application for a price rise.

ROC Limited—Compressed permanent gases and dissolved acetylene sold in cylinders, cylinder rentals, air freed charges. Price Commission HC233, SO, EI.

## Outlook good for big do-it-yourself chains

BY JAMES McDONALD

FUTURE GROWTH in the £1bn-a-year do-it-yourself market apparently favours multiple chains, according to a financial survey by Jordan.

It says that the multiples, although operating through only 8.5 per cent of the individual outlets, have captured about 32 per cent of the market by turnover.

Among the distributors, the biggest companies, such as MFI and Status Discount, show a return on capital of about 50 per cent.

The multiples, including names such as the B and Q Group, Home Charm and A. J. Stanley, range between 24 per cent and 37 per cent; their profit margins run between 5.8 per cent and 6.8 per cent.

Of the larger groups with dis-

tribution capacity, Magnet Southern has profit margins of 13.2 per cent.

In manufacturing, Polycell is outstanding, with a profit margin of nearly 20 per cent and a return on capital of 35.8 per cent. Of the two UK manufacturers of ceramic tiles, Johnson Richards Tiles, the bigger, has performed much better than Pilkington Tiles.

Marley Homecare, although challenged closely by Texas Homecare, said that it was retail market leader in 1977. Given that distribution is still changing an average 12 per cent compound growth rate projected for the trade seems reasonable.

The British DIY Industry (Jordan Surveys, Jordan House, Brunswick Place, London N1, E60).

## Top people taxed 45% of gross earnings

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PEOPLE—married or single—in the top 1 per cent of money earners have paid on average more than 45 per cent of their gross earnings in income tax, according to new official estimates.

An article in the February issue of Economic Trends, published yesterday by the Central Statistical Office, analyses the distribution of personal income in 1978-77, including pensions, dividends and non-taxable bene-

fits, as well as wages and salaries.

Just below the top 1 per cent the next 9 per cent of "tax units"—normally married couples or single people—paid more than 25 per cent of gross income in tax, while the bottom 20 per cent paid only 2 per cent in tax.

The tax system cuts the share of total incomes of the top 1 per cent from 5.5 to 3.8 per cent, and of the top tenth from 26.2

to 23.1 per cent. The progressive nature of income tax boosted the share of the bottom tenth from 2.5 to 3.0 per cent.

The figures show almost no change in the distribution of pre- and post-tax income between 1975-76 and 1976-77.

Income sources between different levels in the distribution scale vary significantly. Wages and salaries make up more than 80 per cent of the income units in the upper half of the distribution, but account for only about 25 per cent of the bottom quarter's income. Nearly two-thirds of their income consists of state pensions and non-taxable benefits, like supplementary and unemployment benefits.

The latest issue of Economic Trends also includes the first of a series of regular indicators, monitoring five aspects of the UK's price competitiveness in manufactured goods in world markets.

Britain lost competitiveness throughout 1977 and in the first quarter of last year, mainly through sterling's appreciation, although different indices showed varying losses.

The second quarter of 1978 brought big recoveries in price competitiveness, and a smaller increase in cost competitiveness.

## Rippon calls for large-scale aid programme by EEC

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A PROGRAMME of large-scale EEC aid to Turkey, Greece, Spain and Portugal was called for yesterday by Mr. Geoffrey Rippon, leader of the British Conservative group on the European Parliament.

It is urgently needed to strengthen the West's defence, he said, and prevent the collapse of the "fragile political institutions and economies" of the four countries.

"We need to formulate a development programme on a scale comparable to the post-war Marshall Plan," he told the Cambridge University branch of the Young European Democrats.

Mr. Rippon put the amount of aid needed at between \$5.6bn (£2.77bn)—equal to the total current deficit of the four countries—and \$22.5bn (£11.3bn), equivalent to 2 per cent of the gross national product of the Nine EEC states.

The development programme would be phased over a period of years.

Mr. Rippon foresaw a greater defence role for the European Parliament after direct elections. He wants the Community to reduce its dependence on the U.S. for defence equipment.

France produces 150 AMX 30 battle-tanks a year, he said, and Britain 200 Chieftain tanks. Yet

the Soviet Union annually produces 2,000 battle tanks.

This is at a time when the GNP of Nato countries is almost three times that of its Warsaw Pact members.

"These matters are manifestly of concern to the European Parliament," he went on. "We cannot exaggerate the danger to us and to the whole alliance, if Europe's industrial and techno-

logical capacity is continuously eroded."

The Community leaders had no clear defence strategy, and summit meetings of heads of state regularly went off at "half-cock," he said.

"So, far from looking like captains of great ships, they resemble befuddled sailors rearranging the deck chairs on the Titanic," he added.

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## Engineers' rises between 13%-17%, survey shows

BY MAX WILKINSON

PROFESSIONAL engineers in the UK have received salary increases of between 13 and 17 per cent in the last year, surveys by the major engineering institutions show.

The increase brings the average salary for civil engineers to £8,800 a year and for electrical engineers to £7,240 a year.

The average salary of professional engineers aged 25 to 29 is about £5,300. In the age

range 30 to 34, the average has risen to £6,500. By the time he is aged 35 to 39 the average engineer is paid between £10,000 and £8,400, depending on the branch of engineering.

The survey shows that the average salary of civil and mechanical engineers is slightly higher in the private than in the public sector. But the average for electrical engineers is 7 per cent higher in the public sector than in private industry.

## BBC chief criticises new technology delays

FINANCIAL TIMES REPORTER

THE BBC has more than £1m of advanced equipment lying idle because trade unions refuse to operate it, Mr. Ian Trethowan, director general, said last night.

He said trade union resistance to new technology was causing the BBC to fall badly behind the standards adopted elsewhere in the world.

"The most obvious and most sad example is electronic news gathering (ENG)—the ability to use lightweight electronic cameras to feed news pictures direct into a programme from a distance of miles."

After a successful experiment

in the use of one unit, the BBC found itself back in union negotiations without any ENG units.

Mr. Trethowan told the annual dinner of the Institution of Electrical Engineers: "Without ENG we have been severely circumscribed at times in our ability to report quickly from Iran."

"It is not just that we are behind the Americans. The thickest Arab Gulf State is more advanced than we are, so that for the Queen's visit to the Gulf, British broadcasting has had to rely on local pictures."

Mr. Trethowan said: "I now

hope that we are working towards a permanent agreement. But the time that has been lost in introducing ENG in British television has left us behind the rest of the world."

Mr. Trethowan said there were "obvious and real problems" in adjusting to new technology. However, he added: "This crippling delay in introducing a vital piece of new technology does seem in microcosm an aspect of the wider problem that faces our country."

"So often instead of seizing avidly upon some new way of making ourselves more efficient,

more economical, we seem to recoil with suspicion, if not downright hostility."

Mr. Trethowan said the reluctance of the workforce to accept new techniques was familiar to most engineers. He was partly responsible for the difficulty which Britain suffered in persuading young people to go into engineering.

He said it was necessary for companies to do all they could to improve training standards for qualified engineers and to emphasise the possibilities for them to reach responsible management positions.

## PRICE INCREASES OF 7% WILL TEST CUSTOMER LOYALTY

## British Steel gambles on goodwill

THE British Steel Corporation's plan to seek price increases of about 7 per cent for a large range of its products has left many steel traders and customers wondering whether such increases can be made to stick.

Since it has only about 54 per cent of the British steel market BSC is already under considerable pressure from imports and from the more competitive private sector producers.

For more than two years the corporation has shown extreme caution in applying price increases, choosing its moments for raising the prices of individual products and taking care that no single increase should leave British steel plants exposed to the full blast of competition from cheaper imports. A 7 per cent increase would put up British steel users' purchasing bills by £85m a year.

British Steel has good reasons for seeking higher prices. The corporation is in a financial corner. By the end of the current financial year it will have incurred a negative cash flow of £20m over three years. That will be made up of £10m lost on trading and a further £10m spent on unstoppage

capital investment projects which have not yet started showing a return.

The management of British Steel must seek to maximise profits on sales in an attempt to recoup some of its losses. If the market will stand higher prices for some products the corporation reasons that its duty to its business and to the taxpayer is to charge those higher prices.

The catch is that British Steel, although the biggest steelmaker in Europe, is not operating in isolation in the British market.

### Imports

Attempts to limit cross-border sales by EEC steelmakers between member nations of the Nine have not, so far, worked very well. Imports of steel into Britain, as a percentage of total British consumption, have risen every year since 1974 and are now touching 23 per cent of the total market. The remaining one-quarter of the British market is accounted for by private sector steelmakers.

British Steel is seeking the price increases on such forms of steel as bars and sections in the expectation that it has a sufficiently firm grip on the market to deter increased com-

petition from foreign producers. But that may be reckoning without the agility that can, on occasion, be displayed by customers faced with an unwelcome price increase.

The British Iron and Steel Consumers' Council is nervous about the way the proposed increases will be received by member industries such as automobile companies, can-makers, the construction industry, process plant makers and engineering.

The National Association of Steel Stockholders recognises that it could be involved in another internal dispute as it was a year ago when some member companies opted to switch more of their business to trading in cheaper imported steel, while other companies stoutly defended the case for supporting a strong indigenous home industry.

Members of NASS say now that the average price advantage of imported steel over British steel products is already about 10 per cent, with some lots of foreign steel being as much as 20 per cent cheaper.

One company is already experiencing difficulties buying heavy plate from British Steel and says the corporation is quoting delivery dates as far ahead as June, adding: "If the

corporation puts up its prices now it must let in more imports."

Stockholders also are concerned because higher home steel prices will give them new cash flow problems over financing the steel they must hold in stock at all times.

### Tradition

In the past it has been traditional practice for UK steelmakers to charge what the market will bear. British Steel badly needs to carry on that tradition if it is to reduce its losses. The members of the British Independent Steel Producers' Association will gladly align upon those higher prices if British Steel gives the lead.

But steelmaking is now in a new world where decisions in Brussels, Brazil or South Korea can have a swift impact on the British domestic market.

If British Steel does introduce its new price list in April, and therefore puts up its prices to about 15 per cent above the ruling levels in Europe, it will be taking a gamble that customer loyalty and the convenience of local service can outweigh the attractions of imported steel supplied at significantly lower cost.

مكاتبنا الأصيل

# North 'wants its own devolution'

BY RHYSDAVID, NORTHERN CORRESPONDENT

TWO-FIFTHS of the population of the North of England want devolved regional government if Scotland or Wales get assemblies, an opinion poll carried out on behalf of the Campaign for the North, the devolution pressure group, suggests.

It says that a clear majority of 62 per cent are also in favour of some change if Scottish or Welsh devolution goes ahead.

Altogether 422 people across the North, evenly spread between men and women and across age groups, were asked in a poll last weekend: "What do you think should happen here if the Scots and Welsh choose to have their own elected assemblies?"

The replies, according to the campaign, were: no change, 33 per cent; an assembly for the whole of England, 21 per cent; a regional assembly, 40 per cent.

The campaign, which has Lord Crowther-Hunt, a former constitutional adviser to the Government, as its president, does not say that the poll is scientifically accurate, but that a check on respondents' occupations and stated voting habits showed that the sample had been a reasonable cross-section of the population and that the response was therefore a fair indication of Northern views.

The campaign's involvement in the poll was not disclosed so

as not to influence the answers. Mr. Paul Temperton, the campaign's director, said yesterday that it was significant that the regional assembly concept attracted 40 per cent support even when the idea had not been widely debated and was thus new to most people.

"We believe that when the implications of devolution for Scotland and Wales (which of course we also support) are more fully understood in the North, where we have just the same problems and just the same frustrations and resentments about London rule, the demand for regional government will grow even higher."

Mr. Temperton said that the 62 per cent majority in favour of some change contradicted the assertion often made by Westminster politicians and the London-based media that there is no discernible support for changing our constitutional arrangements except in Scotland and Wales.

"One day they will be forced to come to terms with the fact that only a decentralised UK, in which each region has the power to tackle its own problems in its own way, will ever break the Logjam of self-doubt and self-delusion which dominates life in these islands today."

# Small trader wins VAT appeal case

A SIGNIFICANT legal decision for owners of small businesses was reached in the Appeal Court yesterday, when by a two-to-one majority the court ruled that there could be an appeal to a VAT tribunal against a decision of the Customs and Excise that a trader had not kept adequate records for a special scheme of VAT assessment.

A two-year legal battle by Mr. Joseph Corbitt, a Newcastle-on-Tyne coin-dealer, may not yet be over. The Customs and Excise was given leave to appeal to the House of Lords.

A legal spokesman for Mr. Corbitt, whose case was backed by the National Federation of Self-Employed, said: "This is a tremendous victory, which in varying degrees affects self-employed businessmen dealing in articles ranging from antiques, coin and medals to cars, boats and caravans.

"If Customs were to have complete discretion in matters of VAT paperwork, the right of appeal would be completely illusory. Mr. Corbitt claims he has paid all VAT necessary."

The court allowed an appeal by Mr. Corbitt's one-man business, J. H. Corbitt (Numismatists) against a decision by Mr. Justice Neill in favour of the Customs, which sought an extra £2,648, claiming that the company had not kept proper

VAT records. The judge held there could be no appeal to a VAT tribunal from a Customs decision on VAT paperwork.

Lord Denning, Master of the Rolls, said that trouble arose when Mr. Corbitt had quite a small coin and medal business, put in VAT returns for 1973-76.

A Customs officer inspected the books, found a number of mistakes, and considered that some ineligible claims had been made for reduced tax.

Mr. Corbitt was very upset when he received an assessment for VAT and appealed to a VAT tribunal, which decided in his favour. Mr. Justice Neill held that the tribunal was wrong and the Customs right.

The question was whether VAT tribunals were restricted in their jurisdiction, in the sense that they could not decide

whether records and books were properly kept.

In Lord Denning's view it was the very function of Customs commissioners under the Finance Act to look into documents to whether they were sufficient to enable VAT claims to be verified.

But appeal tribunals had the same right and duty. They were entitled to look at everything Sir Stanley Rees agreed that the appeal should be allowed.

Lord Justice Eveleigh, dissenting, said that although VAT tribunals had the right to inspect records they could not substitute their views for that of the Customs commissioners on paperwork.

The appeal was allowed with costs. The Crown undertook to pay Mr. Corbitt's costs of any appeal to the House of Lords.

# British Road Services expands

THE STATE-OWNED British Road Services has invested £1.2m in new equipment to form the base of an attack on the truck trailer rental market in Britain, which is expected to double in size by 1984.

Trailers form one of the fastest growing sectors of the road haulage industry. The

total market, based on 12,000 trailers, is worth £30m a year.

Mr. David White, group managing director of British Road Services, said at the launch of the trailer rental service in London yesterday that the target was to expand the initial fleet of 100 trailers to 2,000 in five years.

# Damage by fire rises

BY ERIC SHORT

FIRE DAMAGE costs rose sharply in January, according to figures issued yesterday by the British Insurance Association.

The estimated cost of damage for the month went up by £9m to £30.3m. Although this was over £10m lower than in January last year, the figure was inflated by the last days of the firemen's strike.

Under normal conditions, £30m is a high level of damage—a figure which until the autumn of last year had been exceeded only during the strike and in the month of the Flixborough disaster.

Five blazes in which damage was put at £1m happened in January.

The fire at Villiers House in the Strand, Central London cost £4.4m and another at Abel Morralls main aero knitting pin factory at Redditch, Worcester, cost £2.7m.

There were 15 fires with damage costing at least £250,000 in each case and another 68 fires where damage exceeded £35,000, including 35 at places used by the public such as cinemas, schools, shops, social clubs and theatres.

# Buses lose £4m in 'worst winter'

BY LYNTON McLAIN

THE National Bus Company lost £4m because of the "worst winter for disruption to services in our 10-year history," Mr. Robert Brook, deputy chairman and chief executive, said yesterday.

Bus operating companies in England and Wales lost substantial numbers of passengers in the first two months of the year.

Bad weather and problems with fuel supplies hit services, particularly in the North. Frost and accidents had damaged buses, which would affect services for some time, he said.

Many regional bus companies found their resources stretched so far that many could not operate fully without help from other areas. Buses from the Potteries Motor Traction company in Staffordshire had been transferred temporarily to the Midland Red company in Birmingham, to alleviate a shortage of usable buses. Services in York, which suffered badly from flooding, are now operated partly by buses from the South.

The National Bus Company made a net profit of £9.6m in 1977 on a gross revenue of £390m.

# MP backs company secretaries

THE INSTITUTE of Chartered Secretaries and Administrators is hoping to persuade the Government to introduce legislation providing a framework of minimum professional requirements for company secretaries.

Businesses would be able to appoint only company secretaries who were members of an appropriate professional body or who qualified by having had suitable experience.

The institute has proposed that this legislation be included in the Companies Bill in the

form of a new clause which is being sponsored by Mr. Peter Broke, Conservative MP for City of London and Westminster South.

Mr. Barry Barker, secretary of the institute, said: "It is appropriate that this measure be included in the Bill. Doctors, dentists, lawyers and accountants are all required to possess an appropriate qualification and to be members of bodies empowered to maintain professional standards. Such protection should be afforded to those involved with companies."

## CONTRACTS

### Worley Engineering wins £4m North Sea work

WORLEY ENGINEERING has been awarded a £4m contract by Phillips Petroleum Company for the engineering design of the topside facilities for the Maureen Field in the UK sector of the North Sea. Worley Engineering is part of the William Press Group.

Two orders worth in excess of £2m have been won by MATHER AND PLATT for the supply of high pressure water injection pumps for use on Statfjord A and B platforms in the Norwegian sector of the North Sea. The orders have been placed by Mobil Exploration Norway Inc. on behalf of the Norwegian/UK Statfjord Group.

Glazing contracts, collectively worth more than £200,000 have been awarded to branches within the southern division of JAMES CLARK AND EATON. The biggest single order worth more

than £40,000 is for patent glazing Brighton's new swimming pool. There are also a number of contracts for glazing the Canterbury Hospital, Dover's Hoverport and shopwindows for a well-known high street store at Brighton.

LESSER DESIGN AND BUILD has been awarded a contract worth £512,000 for a new F. W. Woolworth store, in Richmond, North Yorkshire.

DOWTY BOULTON PAUL has received from Romania an order worth more than £800,000 to supply powered flying control equipment for the Jurno fighter aircraft.

BORDER ENGINEERING CONTRACTORS, a member of the London and Northern Group, has obtained the contract for the extension to the Upperby Men's Institute Club premises valued at £157,166.

## BANK RETURN

Wednesday February 28, 1979

### BANKING DEPARTMENT

	£	£
Liabilities		
Capital	14,553,000	
Public Deposits	88,287,888	3,609,716
Special Deposits	354,930,000	
Bankers Deposits	492,250,141	58,304,282
Reserves & other Accounts	606,630,225	37,717,446
	1,396,651,195	5,902,438
ASSETS		
Government Securities	696,857,379	254,213,708
Advances & Other Accounts	442,097,082	280,297,730
Premises Equipment & Other Secs.	172,751,192	157,000
Notes	24,757,694	17,825,307
Coin	307,845	6,787
	1,396,651,195	5,902,438

### ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes issued	8,925,000,000	75,000,000
In Circulation	8,900,352,208	57,539,833
In Banking Department	24,757,694	17,825,307
ASSETS		
Government Debt	11,015,100	1,021,448
Other Government Securities	7,542,218,575	76,978,554
Other Securities	1,371,766,524	
	8,925,000,000	75,000,000

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### PRELIMINARY ANNOUNCEMENT RESULTS FOR YEAR TO 31st DECEMBER, 1978.

	1978	1977
Group Sales	38,425,700	40,545,800
Group Earnings before Tax	1,791,200	1,643,400
Taxation Thereon	822,400	774,500
Nett after Taxation	968,800	868,900
Dividends on Ordinary Shares—		
First interim—paid	0.750p	0.650p
Second interim—proposed	1.3683p	1.247p
Third interim (1977)		0.0189p
Total for the year	2.1183p	1.9159p
Earnings per share	19.79p	17.65p
Total Dividend distribution exclusive of A.C.T.	£142,900	£132,400

1978 Another record year for Great Bridge and our Canadian subsidiary. Canadian earnings increased by 27% in dollar terms reduced to approximately 10% on conversion to sterling due to lower exchange rate prevailing.

Dividend Second interim proposed represents the maximum allowable under present Government regulations.

Prospects With U.K. strikes and related problems, continued supply disruption in Canada and runaway copper prices, the year has made an inauspicious start and earnings will almost certainly fall short of the records achieved in 1978.

Detailed statements will be mailed to shareholders on 30th March, 1979. Annual General Meeting will be held at 3.00 p.m. on Tuesday 24th April, at Birmingham Chamber of Industry and Commerce.

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UK NEWS — LABOUR

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Ambulancemen should Pay pledge sought by civil servants accept 9%—TGWU

BY ALAN PIRE

TRANSPORT and General Workers' Union delegates yesterday decided to conduct an individual ballot of ambulancemen on the proposed public services peace formula and recommend them to accept. Although the TGWU is a minority union in the ambulance service, the decision may help to reduce the impact of today's 24-hour total strike by ambulancemen which has been demanded by unofficial shop stewards. National union officials have instructed ambulancemen to continue covering emergencies today and yesterday's decision, the TGWU sent telex messages to its regions reinforcing this. Crews in many areas have voted to ignore the unofficial strike call but police and troops will be on standby where necessary.

Mr. Mick Martin, TGWU national secretary, said after yesterday's conference that ambulance service delegates had decided to recommend acceptance of the offer—9 per cent plus a comparability study which should yield more money in August—because they accepted that there was nothing else available outside the comparability exercise at present. He said the Government could help end industrial action by giving an assurance that it would recognise the ambulance service as an emergency service. The ambulancemen will be arguing in the comparability inquiry that their work is equal to that of the other emergency services—the fire brigade and police—but there is no certainty that this will be accepted. Ambulancemen in the London region of the General and Municipal Workers' Union agreed yesterday to accept the offer. Elsewhere in the public services dispute, delegates representing 25,000 GMWU members in the East Midlands also endorsed the peace formula which will probably be accepted by all except the union's London region. The greatest uncertainty concerns the National Union of Public Employees, whose executive has recommended members to reject the settlement. In the West Midlands, 32,000 NUPE hospital ancillary workers and 1,600 ambulancemen have rejected the offer. Mr. Barry Shuttleworth, divisional officer, said yesterday that industrial action would be stepped up next week. Nationally however, there is not yet an accurate guide to how the NUPE members are voting. Nurses' pay was considered at yesterday's meeting of the Cabinet and there will be a meeting between their leaders and Mr. David Ennals, Social Services Secretary, probably on Monday. Talks on a comparability exercise for nurses failed earlier this week because the Government could not say when any way would be paid. Ministers have emphasised

that the timing of the proposed comparability awards for local authority, hospital ancillary and ambulance workers—half in August and the remainder next April—reflect their low-paid status and that other groups may have to wait longer. The nurses' negotiations are further complicated by the fact that, in addition to their current claim, they are seeking payments in lieu of productivity from their 1978 claim. The Royal College of Nursing, whose members rejected the use of industrial action earlier this week, yesterday launched a campaign which will include a week-long vigil outside the Houses of Parliament and a protest petition.

Builders pay claim entered

BUILDING WORKERS yesterday put in their claim for "substantial" wage increases, a shorter working week and other improvements in pay and conditions. The largest building union, the Union of Construction, Allied Trades and Technicians, is pressing for a complete review of the industry's complex wage structure as part of the claim. The claim also calls for consolidation of existing supplements to prevent what the union considers to be the existing low overtime rate.

Tube strike threat as union says fare fraud claim is slander

LONDON TRANSPORT'S allegation that ticket collectors pocket £2.5m a year in excess fares is unwarranted slander, Mr. Charlie Turnock, National Union of Railwaymen assistant secretary responsible for LT said yesterday. The union will take the strongest action to get the record put straight, he said. Some ticket collectors have warned of possible industrial action unless the claim is with-

drawn. The fraud claim was in a report leaked by Greater London Council London Transport Committee member Mr. Roger Hiskey. The NUR would challenge the figures at the highest level, Mr. Turnock said. "Already London Transport has had to admit they will not stand up to detailed scrutiny," he added. The NUR has not opposed

Closed shop 'injustice' condemned

BRITAIN'S managers are seeking changes in the law that would prevent closed shop agreements which force existing employees to join a union under the threat of dismissal. The 60,000-strong British Institute of Management said yesterday that a survey of its 80 branches had shown very strong feelings about "the injustice" of such agreements.

Managers on the whole did not want all closed shop agreements outlawed, and most did not object to those which obliged all new employees to join a specified union. There was dislike for the pre-entry closed shop. Some members suggested contributions to charity as an obligation on those existing employees who chose not to join, in order to counter the charge of "free riders". Most managers felt it was wrong that all dismissals resulting from closed shop agreements were "fair" in law.

Apart from this, the Institute said, managers did not wish to press for any changes to the substance of the unfair dismissals provisions. There was, however, strong support for the introduction of a preliminary screening procedure for industrial tribunals. And it was also felt that a deposit, possibly nominal, by the applicant lodging an unfair dismissal claim at a tribunal, would also help reduce the number of "hopeless" cases.

A "sizeable percentage" felt that the advisory, conciliation and arbitration service should not be charged with the duty of encouraging the extension of collective bargaining.

Schools closure: parents appeal

By Michael Dixon, Education Correspondent. PARENTS seeking to make Haringey, London, education authority to keep open its schools in spite of the National Union of Public Employees' strike are taking their case to the Court of Appeal. On Monday, the parents lost their High Court action against the borough, which had kept schools closed for five weeks because of the dispute. The local strike committee, however, has since decided to allow each school to open for four days a week. The parents' appeal is expected to be heard on Monday Tuesday.

Allied bakery closures will make 200 redundant

BY OUR CONSUMER AFFAIRS CORRESPONDENT

MORE THAN 200 bakery workers will be made redundant next month following Allied Bakeries' decision yesterday to close down two small bakeries at Swansea and Cambridge.

The two bakeries were among those taken over by Allied from Spillers when it pulled out of the bread industry a year ago. Allied agreed then to keep the bakeries open for at least 12 months but a fall in demand in both South Wales and East Anglia has made the bakeries uneconomic, Allied said.

The company, part of Associated British Foods, blamed the long and damaging strike of late last year for the plant closures. "Since the strike both bakeries have operated at a considerable loss, and the cost of the last wage increase, coupled with the stringent controls exercised over the price of bread, offer no opportunity for a sustained turnaround," the company claimed.

new or improved procedures to stop the estimated £6m fraud by passengers avoiding fares, Mr. Turnock said. The NUR has not obstructed a receipt-issuing trial by ticket barrier staff. LT has never raised the issue, he said. The union would support any practical proposals. Talks with local staff representatives had brought up unreasonable claims for extra payment for additional duties.

By Philip Bassett, Labour Staff

CIVIL SERVICE union leaders meet Lord Peart, the Lord Privy Seal, today to press the Government for firm proposals on a pay settlement for 600,000 of their white-collar workers, based on the findings of an independent comparability study. If any proposals are judged by the unions to be unsatisfactory, the campaign of selective strike action by members of the two largest unions in the service is likely to be stepped up and some other unions may be pressed to join the campaign.

The general secretaries of all nine civil service unions and representatives of the staff side of the National Whitley Council, the unions' umbrella body, will make it clear to Lord Peart, Mr. Charles Morris, Civil Service Minister, and senior negotiators, that definite proposals will be necessary to avert further action. Civil Service Department officials, who have given assurances that a negotiated settlement based on the reports of the Pay Research Unit will be implemented and that arbitration will be available for any disagreements on PRU rates, will be pressed to meet union claims that any staging should be completed within 12 months.

Some unions estimate that the PRU reports show rises due for middle-ranking grades of 26-36 per cent. An offer as the first payment of a staged settlement based on those rates of less than the 9 per cent plus put to public service workers would probably be unsatisfactory. Department officials say their evaluations of the PRU reports will be complete within a few days. Pressure is building in the membership of the Civil Service Union, which represents grades who work closely with the members of the two unions holding selective strikes, to join the Civil and Public Services Association and the Society of Civil and Public Servants in their action.

The CSU decided before the strike by the two largest unions not to join them by a 14-7 vote of its executive. An unsatisfactory response from today's meeting coupled with membership pressure and advice to take strike action from most of the senior officials would be likely to force a re-think.

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Citicorp Overseas Finance Corporation N.V.

A\$15,000,000 10 1/2 % Guaranteed Notes due 1983

NOTICE IS HEREBY GIVEN pursuant to Section 8 of the Fiscal Agency Agreement dated February 15, 1978 among Citicorp Overseas Finance Corporation N.V., Citicorp, and Citibank, N.A. as Fiscal Agent and Paying Agent, that the Company has purchased and surrendered to the Fiscal Agent A\$965,000 aggregate principal amount of subject notes during the period commencing May 15, 1978 and ending February 14, 1979. The principal amount outstanding at the end of such period is A\$14,035,000.

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The \$50,000 Notes of \$1,000 each constituting the above issue have been admitted, subject only to the issue of the Notes, to the Official List of The Stock Exchange in London.

Particulars of the Notes are available from Exel Statistical Services Limited and copies may be obtained during usual business hours up to and including 23rd March, 1979 from:

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2nd March 1979

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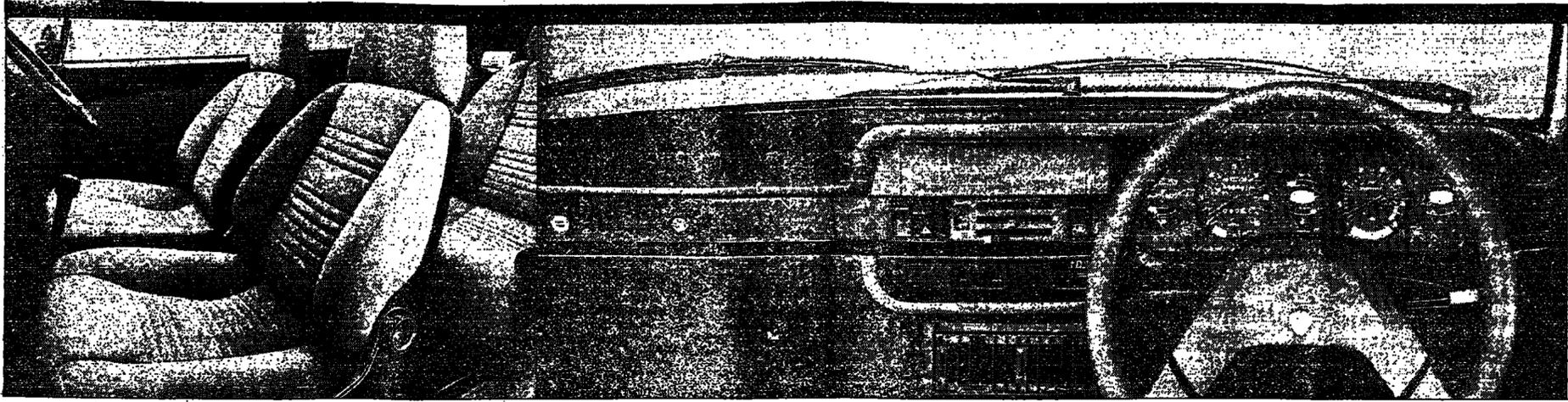
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**THE PROPERTY MARKET** BY CHRISTINE MOIR

**European Ferries in £124m project**

EUROPEAN FERRIES is about to embark on a \$250m (£124m) commercial property development in Denver, Colorado. The project, which will take between five and 10 years to complete, will provide 5m sq ft of offices, shops and housing on a 300-acre site just south of downtown Denver. European Ferries is undertaking the project as a joint venture with Vace Securities, a family-owned Colorado property company. Profits from sales of land will be split 50-50 and European will get 40 per cent of development profits. In fact, the UK company will be the senior financial partner. It is guaranteeing \$21m of the \$33m needed to acquire the 300-acre site. It is also provid-

ing \$1m working capital for the joint venture company, to be called Tech Center Development (the site is known as the Denver Technological Center). About 1m sq ft of offices have already been built on the site by the previous owner who ran out of finance for the main part of the development and agreed to sell to Vace through Barclays Bank Jersey. Vace invited in European Ferries because of its capacity to provide cross guarantees of the sort needed to persuade the Royal Bank of Canada and the Northwestern Mutual Life Insurance company of Wisconsin to support the land purchase. Construction will be phased in tranches as and when units are pre-sold to an institution and construction finance can then be raised. This is the traditional method of raising development finance in the U.S. Mr. Keith Wickenden, chairman of European Ferries, is confident that institutional "take-outs" in this fashion will not be difficult to arrange. Denver, like Dallas and Houston, is one of the main growth areas, and popular with institutional investors both in the U.S. and the U.K. A recent Government survey revealed that Denver's population is expected to grow from 1.4m to 4m over the next 20 years. Although this is European Ferries' first property venture in the U.S. the group has been

**Trizec the prize in EPC fight**

OLYMPIA AND YORK and Wereldhave, the two companies battling it out for English Property Corporation, have been quite open about the fact that the contest is fundamentally for EPC's hold-largest quoted property company. Coincidentally, as the bid price jumped from 54p last Friday, to 56p and then 60p on Monday, Trizec was putting the finishing touches to its report and accounts for the year to October. The figures show total assets of C\$956m (£496m) and a cash flow from operations of C\$27.2m (£11.3m) compared with C\$921m and C\$19m the previous year. Long-term debt amounted to C\$655m, unchanged from 1977. Announcing a dividend of 55c for the year, Mr. Harold Millavsky, president of the company, said that he expected results for this year to "compare favourably" with last, in spite of slow business growth in North America, and high interest rates. He attributed last year's growth to newly-completed properties coming on stream, and better returns from existing properties. As a result, earnings per share increased by nearly 20 per cent, to 61c. Trizec says it looks more and more to the U.S. for its growth. A quarter of its income-producing properties are in the U.S., and further development is under way there. Among other recent deals, Trizec has announced that it is going into partnership with General Motors to build a 21-storey office tower, residential and retail complex in Detroit, in which GM will be the main tenant. One reason behind the emphasis on the U.S. is what Mr. Millavsky describes as the trend to regionalism and the possibility of "divisive economic restrictions" in Canada. Last year the company moved the bulk of its manage-

**Glamorgan land for Arlington**

ment out of mainly French-speaking Montreal to Toronto and Calgary, but its flagship is still the 3m sq ft office and shopping complex in Place Ville Marie, Montreal. Trizec grew from that development in the late 1960s. It was the ambitious brainchild of the New York architect William Zeckendorf and involved spanning the gully in the centre of Montreal where the National Railway trains had entered Central Station for generations. Place Ville Marie cost C\$100m and took 10 years to build. With rents, in the early days, of only C\$5 a sq ft, the complex was in deficit for its first five years, and was completed only through injection of C\$35m by Eagle Star Insurance in return for equity. New Trizec owns 18.7m sq ft of offices, 5.3m sq ft of shops, and a string of retirement lodges, caravan parks, hotels and apartments throughout Canada, and in Detroit, Los Angeles and Atlanta, Georgia. The range of investment yields for industrials is highlighted by two recent forward purchases by Allied Breweries Pension Funds, advised by Debenham Tewson and Chinnocks. The first is a warehouse development on the Chandler's Ford industrial estate, Eastleigh, Hants. Allied has agreed to pay £1.1m for the 51,000 sq ft pre-let to Courage on a rent providing an initial yield of 6 1/2 per cent. The second is in Swindon. There, Allied is paying £600,000 for a partly-let group of seven industrial units on the Hawks-worth Estate. When fully let, the 45,000 sq ft will produce an income of £53,000, giving a yield of 9 per cent or so, in spite of the fact that demand in the area is brisk enough to suggest that voids are unlikely.

**BL seeks £12m for AEC site**

BL HAS wasted no time in putting its 89-acre AEC plant at Southall on the market. The company announced only last November that it would close the plant because high fixed overheads meant it could never be viable. Already Edwards Bigwood and Bewlay are in touch with four or five big funds who are unperturbed by the £12m-plus price tag for a site on which most of the 1m sq ft of buildings will have to be demolished. Mr. Michael Riley, a partner in the firm, expects to cut the

list to three or so and make a decision on the sale by the end of the month. The site's main plant was built in the mid-1930s, but some buildings date back to 1926. Only three mid-1960s units fronting Uxbridge Road have any scope for refurbishment. The potential lies in a phased development which could provide 1m sq ft or so of mixed industrial units, with ample parking. Rentals are difficult to estimate in advance—Levland will not vacate before September or even the year end. Major site works would follow before construction could start. But there is reasonable access to the M4/M40 although the Uxbridge Road is not the best link. Closest comparable development is the 250,000 sq ft warehousing scheme by Bernard Sunley at Staples Corner, on a premier location at the base of the M1. Agents Bernard Thorpe and Partners and Shepherds, who have yet to begin formal marketing, will be in touch, look for rents of about £3 per sq ft.

**Dutch market**

The Dutch property market is getting a good Press at the moment, and a number of UK institutions are being tempted back to buy again. This week, Pension Fund Property Unit Trust bought its second Dutch property in two months. This is a shop leased to Dorothy Perkins in The Hague, for which the trust paid £730,000 on the advice of Healey and Baker. Last month it bought a shop in Amersfoort, a town near Amsterdam, for £400,000. Jones Lang Wootton is bullish about the Dutch industrial letting market, where it has just concluded four deals involving 8,000 sq metres.

**Prudential's bargain buy from EMI**

PRUDENTIAL ASSURANCE means that Prudential gets an eight per cent yield on a high initial rent basis where the reversionary element is matched by staged payments. From EMI's point of view the outlook is not so glamorous. The development must be costing well over £33m. The site cost £5.8m in 1971. In 1976 development costs were estimated at £25m, and must have risen by more than £2m since then. And there is the cost of finance. Furthermore, it has forfeited

the possibility of selling a completed, full-let property in 18 months' time, when even on a conservative basis it should be worth at least £45m. EMI admits that the deal looks good for Prudential, but claims to be satisfied with the outcome of the long negotiations. In some way Prudential must have had the upper hand in those negotiations. The details will never be known, but one constraint EMI was the fact that Prudential already owned the freehold.

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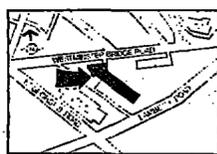
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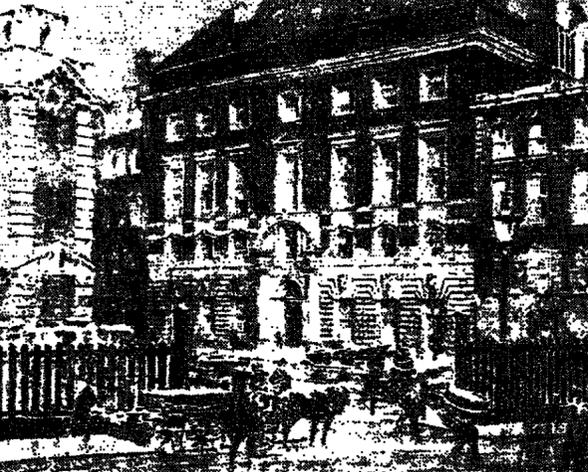
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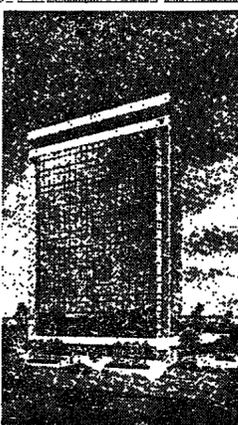
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**ENERGY REVIEW: THE NORTH SEA**

**Lasmo discovers the insatiable appetite of Ninian**

BY WILLIAM HALL

AFTER AN expensive nine month delay and a massive increase in budgeted capital costs, London and Scottish Marine Oil (Lasmo) is loading its first cargo of Ninian crude this week, and not before time.

That Lasmo has come so far, is a tribute to the determination of its management and advisers. Until last Christmas, when Lasmo was forced to renegotiate its bank borrowings, it was touch and go whether it would be able to retain the full benefit of its exploration success.

Lasmo was set up by City institutions to invest in the North Sea and its involvement in the Ninian oil field is a fascinating case study of the sort of problems facing small companies in the North Sea. Its only stroke of luck was that it happened to belong to a consortium that discovered oil. Apart from that it has been an uphill struggle.

In quick succession Lasmo ran into a series of major problems. Capital costs started escalating rapidly as did interest rates. To meet its financial obligations Lasmo began to hunt around for money just when bankers were getting cold feet about North Sea financing because of the uncertainties over tax and the extent of government participation in the North Sea. Equally disturbing was the fact that shortly after Lasmo did its cash flow estimates, which formed the basis of its financing plans, sterling started to appreciate against the dollar. Compared with Lasmo's estimate in 1977 of a sterling rate of \$1.70 the rate is now over \$2 which means that in spite of the recent rise in the price of oil Lasmo is still getting no more per barrel in sterling terms than it bargained for.

Finally, just before production started late last year, Lasmo's management had to accept the new Ninian unit agreement. This contained the first redetermination of each partner's interest based on the estimated size of the reserves under each block. Until the next redetermination in 1980 Lasmo's interest is reduced from 9 per cent to just under 8 per cent. This means that for the next 18 months Lasmo's share of production is a seventh less but it also shoulders a lower proportion of capital and operating costs.

Because production is proving to be better than expected (it is currently running at over 70,000

**LEADING UK INDEPENDENTS**

Mkt. Capitalisation	£m
Burmah Oil	131
Ultramar	108
Lasmo	78
Tricentral	76
Oil Expl.	30

**LASMO'S OUTPUT**

	m barrels	£m
1979	4	32
1980	8	64
1981	10	80

\* Assuming price of \$16 per barrel.



GEORGEY SEARLE  
Chairman of Lasmo

explore for oil and by the end of 1975 its backers had put up £5.4m.

A year later Cazenove set up a second vehicle, London and Scottish Marine Oil (Lasmo) with the same purpose in mind. While some of the Scot shareholders were willing to put up funds for further exploration others were unwilling to invest. Consequently, Lasmo joined Scot and Ranger in new exploration ventures and by December, 1975, investors had put up £7.4m - giving a total Scot/Lasmo equity figure of £12.8m.

In January, 1974, Scot and Lasmo shareholders were delighted to discover that they had struck oil in block 3/8 - part of one of the biggest fields in the North Sea. That was when their problems really started.

Given that BP had been able to finance the Forties field in 1972 in one fell swoop the Ninian partners started to consider raising the £1,000m needed on a collective basis. But because of the varying credit worthiness (the Bank of England had to rescue Burmah Oil, one of the original members and field operator in 1974) it quickly became obvious that the companies such as ICI would have to pay higher rates than if they had proceeded independently.

Meanwhile development spending was building up on Ninian and each participant had to meet the increasingly frequent cash calls as they fell due. In late 1974 Lasmo, Scot, Ranger, Cawoods and National Carbonising approached a major North American Bank for a \$320m

arrangements should have been tied up.

Altogether Lasmo and Scot (which were soon to merge) believed that they now needed around £100m to finish the project. In the absence of bank borrowing and with the backing of Morgan Grenfell and Cazenove and Co. they decided to raise £75m of 14 per cent unsecured loan stock 1981-83 in January, 1976, which would tide them over until the end of 1977. By then the first production platform was expected to be in place and Morgan Grenfell, the banking advisers, reckoned that with this security they would be able to raise the balance of the finance from the banks.

In order to make the loan stock issue a success Lasmo had to concede a fairly high interest rate on the loan stock - roughly double comparable dollar rates at the time - and the additional incentive of a royalty based on the proceeds of the sale of oil. The oil production stocks (OPS) as they were known entitled holders to 8.75 per cent of the value of Lasmo's share of the production. Only investors in the loan stock were allotted the 10p OPS and the issue proved a great success. The OPS are now trading at 465p and holders will receive their first payment in October.

So what lessons can be learned from Lasmo's experience? Many companies would never have got as far as this, given the hideous financial problems and the hostile political circumstances it faced. However, there are a few tips prospective entrants to the North Sea can learn from Lasmo's career to date.

With the benefit of hindsight it is clear that the company initially relied far too heavily on short term finance. As costs escalated rapidly they were forced to arrange a series of ad hoc financing arrangements. Some of these were undoubtedly ingenious but proved very expensive. Although the idea of arranging medium term bank finance with a royalty sweetener was first dismissed as too expensive Lasmo eventually had to concede a comparatively high royalty to the loan stock holders. Worse still they borrowed sterling (the hope was that it would depreciate) so whereas Lasmo's royalty was roughly similar to Ranger's, the latter at least had the benefit of a much lower interest charge on its dollar borrowings. At the end of the day Lasmo might have been better off had it relied on more conventional forms of North Sea finance.

For equity investors in future "Lasmos" the conclusion must be that they have to be prepared for a long ride and not expect quick profits. Of course Lasmo could have taken its profit just as soon as it discovered oil, and moved on. But Lasmo wants to become a fully fledged exploration company and it has proved that it cannot be done in less than seven years.

**A brainchild**

Lasmo is the brainchild of two men - Jack Pierce, a Canadian, and Michael Belmont, a partner in Cazenove and Company, the eminent city stock brokers. They first met during 1964 when Pierce, who heads up Ranger Oil, a successful Canadian exploration company, decided to expand in the North Sea. Ranger already had a sizeable number of UK shareholders but it had been unsuccessful in applying for licences.

Ranger and Cazenove believed its chances would be improved if a UK partner could be found. Meanwhile, Cazenove discovered that a number of institutions that had done well out of Ranger, were keen to invest in a North Sea exploration company. So Pierce and Cazenove decided to meld Ranger's successful exploration track record with institutional money. In 1970 Scottish Canadian Oil and Transportation (Scott) was established, backed mainly by British insurance companies and investment trusts. In association with Ranger Oil (UK) it was granted three licences to

**Happier**

With this tranche of financing behind it Lasmo was in a much happier financial position and following the merger of Lasmo and Scot in early 1977, the company was thought to be ready for a stock market listing.

In June, 1977, Morgan Grenfell offered for sale 8.5m ordinary shares in Lasmo to raise £9.5m for further exploration and at the same time existing shareholders (who had more than quadrupled their original investment) sold 1.9m shares.

The month prior to coming to the market Lasmo arranged what it thought would be its final tranche of bank finance for Ninian - £30m via a syndicate led by Williams and Glyn's. In return Lasmo had to agree to limit itself to spending no more than £3m per annum on exploration and not pay a dividend until 80 per cent of the loan was repaid.

But once again they had underestimated the financial

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**Dublin County Council**

**THE TOWN CENTRE - Tallaght, Co. Dublin.**

Dublin Corporation and Dublin County Council have formulated proposals to commence the development of the Town Centre Area at Tallaght.

Offers are invited from interested parties for participation in the Town Centre Development on a partnership basis with the two Local Authorities.

The development of the first part of the Town Centre envisages the provision of approximately 350,000 square feet gross (32,500m<sup>2</sup>) of shopping and service uses.

A Brief containing further particulars together with site map, and a Structure Plan which sets out the key elements in the overall development proposals for the Town Centre are available at the Development Department, Exchange Buildings, Lord Edward Street, Dublin 2 on payment of a deposit of £50 which will be refunded to each tenderer who, by the time set out below, submits a bona fide offer not subsequently withdrawn.

Offers must be submitted in sealed envelopes marked "Offer for Development of the Town Centre - Tallaght, Co. Dublin" to the Assistant City and County Manager, Exchange Buildings, Lord Edward Street, Dublin 2, not later than 12 noon of Friday 1st June, 1979.

This announcement is made by Kleinwort, Benson Limited and Aseambankers Malaysia Berhad on behalf of Sime Darby Holdings Limited.

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The Directors of Sime Darby have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. All the Directors of Sime Darby jointly and severally accept responsibility accordingly.

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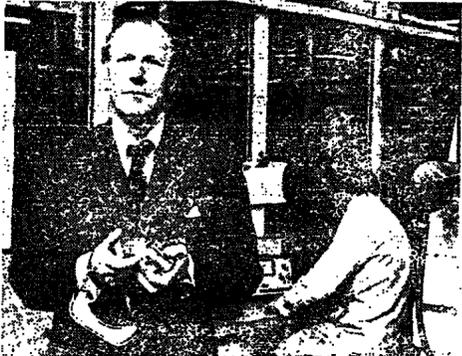


MANAGEMENT... ADING... AG... EYOR... CAP 42Y

MANAGEMENT

Plessey offshoot departs for new magnetic fields

BY TERRY GARRETT



Mr. Mick Stoke, holding a development die set in Preformations' development area, where sintering and testing of 'Supermagloy', the latest high power magnet material, is carried out.

I AM not a company doctor. I am picking up a company which was demoralised, and I intend to stay with it. So says Mr. Mick Stoke, chief executive of Preformations Group...

Increasing emphasis has been put on exports, which now amount to around half of all sales. Claimed to be the largest manufacturer of cast magnets in the UK, Preformations believes it is also the most significant supplier in Europe.

Stoke says that though Plessey was removed from the management of the company Preformations was still looking over its shoulder. And clearly Plessey was looking to be repaid sometime, although the outstanding debt had gradually been run down.

Aid to small firms: a need to boost innovation rather than invention

BY CHRISTOPHER LORENZ

SMALL FIRMS are better than large ones at invention, but are they as effective at innovation—the process of translating product ideas and working models into profitable and successful finished products?

made the major contribution to radical inventions only up to 1930. Since then corporate R and D (mainly by large firms) played the dominant role.

Rothwell's article cites a five-country study of three years ago by the U.S. National Science Foundation which differentiated between the role of small firms (sales of under \$5m) and that of medium-sized ones (sales of \$5m-\$50m).

type innovations (27 per cent, 30 per cent and 37 per cent respectively). A similar pattern was found for large firms. In the UK, however, the innovative output of small firms was composed entirely of radical breakthroughs.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Lot of hot air can be cheaper

HEAT PUMPS are not the latest news—the Festival Hall is heated through the extraction of heat from the Thames—but their application is certainly a new runner in the field of energy saving and heating in the mass housing market.

FINISHING Coatings get a quick cure

FIRST electric infra red medium wave drying oven for powder coating in the UK installed by Wallace Knight is at Devon Ornamental Furniture, Bideford, for the production of wrought ironwork.

PROCESSING Solids are separated from liquids

A WASTE water separator designed for the continuous removal of solid matter from effluents, sludges, slurries, wash water and other liquids arising from industrial processes has been introduced by Gough and Co. (Hanley), Stoke-on-Trent, Staffs.

Promise of great savings

CHANCES ARE that all the steam-raising equipment at Cadbury's Bourneville factory will ultimately be converted to fluidised-bed coal burning, should the modernisation project on the company's first elderly tube boiler of seven prove successful.

INSTRUMENTS Accurate frequency meter

HEWLETT-PACKARD'S microwave spectrum analyser Model 8566A will cover the frequency range 100 Hz to 20 GHz at 10 Hz resolution and can measure frequency with the accuracy of a lab counter.

PROMISE OF GREAT SAVINGS

Commissioned during 1978 at a capital cost for conversion of £147,000, the fluidised bed plant is now under evaluation.

POWER Planned to meet UK needs

SIEMENS is offering motor control centres specifically designed to meet the requirements of the British market. Designated the SPH range, they adapt easily to individual customer requirements and minimum delivery time is claimed.

COMPUTING Applications for display increase

HARRIS SYSTEMS, independent supplier of IBM compatible interactive and distributed processing display terminals, has developed emulation suites for linking 8170 and 8180 equipment to Honeywell, Burroughs and Univac mainframes in the UK.

HANDLING Conveyor keeps work moving

FLOOR-MOUNTED unit load conveyor system is now being marketed by Stewart Gill and Co., 163, Bath Road, Slough, Berks. SL1 4AB (Slough 20874).

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THE ARTS

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Cinema

God Bless America by NIGEL ANDREWS

The Deer Hunter (X), ABC Shaftesbury Avenue, Studio 1 and ABC, Bayswater and Fulham Road. National Lampoon's Animal House (AA), Empire.

The Deer Hunter, Hollywood's first epic venture into the vexed territory of the Vietnam war, is a film of lacerating and astonishing brilliance. It not only evokes and defines the special horrors of that war with an exactness undreamed of by earlier, smaller films on the subject—Coming Home, Go Tell The Spartans—but it circles around that historical centre meditation on all forms of dangerous and destructive male ritual, from war to gambling and hunting.

Michael Cimino, who directed the film and co-wrote the story, is a name new to most moviegoers. Some may remember a quirky, knockabout action thriller called Thunderbolt and Lightfoot in which Clint Eastwood and Jeff Bridges stormed tragically through the Midwest landscape of the American Dream. But nothing in that earlier film prepared one for this revelation. Cimino tells the story of three young men, buddies from boyhood in a small Pennsylvania mining town, who are drafted and dispatched to Vietnam and there run a horrific gauntlet of atrocities as prisoners of war. They return home—at different times and in different ways—to a civilian life whose promise and perspective have now changed beyond recognition.

From early scenes evoking the purple, smoke-wrapped valley town in which the three men work as steel-smelters, Cimino moves first into the thicker, more choking inferno of the war itself, then circuitously back to a chill, peacetime limbo of pain and traumatised readjustment. Two of the "heroes" (Robert De Niro and Christopher Walken) are lifetime friends, now tangling in unspoken rivalry over their love for the same girl (Meryl Streep). The third is a fresh-faced innocent whose "shotgun wedding" to a pregnant girl forms a big, set-piece scene on the eve of the men's departure.

The girl, it so happens, is pregnant by another man (identity unknown) and thereby hangs a subtly-outlined metaphor for the Vietnam war itself. The three men leave

their homes to honour a commitment made for them by some anonymous "other"—a government, a nation. But the film does not rest at any facile, modish condemnation of American intervention in Vietnam. Its scope is majestically larger. Once they have reached Vietnam—almost before we, the audience, have adjusted our eyes to the new setting—the three men are discovered waist-deep in a makeshift open-air prison, victims (among several

others) of the Vietcong. The scene that follows screams from the screen: bearing as much relation to a specific comment on the Vietnam war as the blinding of Gloucester in King Lear bears to a specific comment on political sectarianism in Britain of the Dark Ages. Cimino's account of the prisoners' mental and physical torture at the hands of a gaggle of Vietnamese officers devoted to waging on Russian Roulette—throwing into the river the

unlucky men who fire the one-bullet-in-six into their own heads—has a horror so overpowering that one's brain and one's stomach reel in unison. The scene is the most harrowing that I have ever seen in a movie. How Cimino achieved it, without any exceptional quota of visible gore or savagery, I find hard to understand.

Certainly he locks us inside the minds of his three central characters from the beginning, so that at the inrush of terror, we clamour to escape. And part of the horror is in the sense of wastage: of a sudden, dizzying push from the ramshackle happiness of their home lives, where each man has his sense of personal value, to a world where human life has parity with insects and animals.

As the film progresses, first to the infernal climax in Vietnam, then to the pained and prolonged coda in America, Cimino subtly differentiates the characters of the three men and of the friends they leave behind in Pennsylvania. De Niro is the natural leader: tall, cool-headed, statesmanlike (and beset, as if to hint at his patriarchal status). Christopher Walken and John Savage are his fellow draftees, one a spirited, quick-nerved roustabout, the other the boyish innocent hooked into premature marriage.

And the closest friend of those they leave behind is the eye-catching John Cazale. Cazale's black hair, sad-dog features and high balding forehead graced the role of Al Pacino's weaking brother in The Godfather. Here he plays the evil genius of the party: his domineering violence and instability a writing-in-miniature of the evils of Vietnam.

As prologue and epilogue to the Vietnam scenes, Cimino shows the friends teaming up on a deer-hunting expedition in the lush, pine-grown Adirondack mountains. Cazale and De Niro, at loggerheads in the first of these, clash violently in the second, when De Niro snatches from his friend the "unloaded" revolver he has been carefully brandishing and pointing, and finds it to be fully loaded.

The gun and the hunt gradually swell during the film to the dimensions of a gigantic metaphor for American aggression and virility: for the ritualistic assertion of male potency. One of the three comrades-in-arms—Christopher Walken—stays behind in Saigon after being demobbed, his

traumatic ordeal as a P.O.W. driving him to seek ritual satisfaction (or catharsis?) by working in a back-street casino dedicated to Russian Roulette. A less destructive change comes over De Niro. Back in America, having seen his own aggression mirrored and magnified in the acts of his enemies, he can no longer pull the trigger on his deer-hunting rifle at the moment of the kill. In him we see the breakdown of the ritual.

De Niro's role and performance deepen as the film progresses. Though the film persuasively draws his leader-like virtues—he rallies his demoralised friends in the Vietnam dungeon, he returns to Saigon after the war is over to recover Walken—there is an equally believable streak of ruthlessness. He coolly woos and takes to bed Walken's girl-friend on returning from Vietnam; and before he leaves Vietnam, we have glimpsed him in the Russian Roulette casino nervously watching and wagering on the very games of death from which he has just escaped.

But the power and tragic credibility of Cimino's film lies in the fact that it offers no glib saint-versus-sinner counterpoint. A small group of small-town characters are painted in such detail, and with such breadth, as to seem to become a whole cross-section of American life. I cannot remember an American film that made such a strong impact on first viewing, or that left behind it such an enduring haunting impression.

National Lampoon's Animal House is small beer by comparison; but tolerably fizzy and flavourous nonetheless. It's as if the drama group of a talented lunatic asylum had been asked to remake and update Class of '46. Life in an American college circa 1962 was surely never quite like this—every night a Bacchanalia, every passing lecturer a target for ribald jokes or outright assault (sexual if female). But then it was probably never quite like the film's sanitised predecessors either. The film is relentlessly madcap, but its vulgarity is winning. Look out especially for John Belushi, who raises obesity and uncouthness to an art form.

The film has swept through the American box office like a whirlwind, precipitating a rash company. To maintain a rigorously respectable appearance in the face of all these handicaps, certainly calls for every ounce of ingenuity Fred can offer. There is nothing very subtle about his sinuous plotting, though, and Mr. Turner sends people on and off the stage to suit himself without much regard to anything but his convenience. If we confine ourselves to appreciation of his cunning and the intrinsic drollery of his characters, we can get plenty of laughs out of them without descending to unkind derision of their manners. It is hard to say, though, exactly what Mr. Rossiter and his company are aiming at except the extraction of as many laughs as possible from an audience who would be quite satisfied if their hero just sat in a chair and smiled at them. Such over-acting I have never seen before outside a circus



Gillian Raine and Leonard Rossiter

Greenwich Semi-detached by B. A. YOUNG

It is hard to believe that when the play we are currently seeing at Greenwich was first produced in London, the lead was played by Laurence Olivier. David Turner's comedy deals with the problems of a socially-ambitious working-class family who have moved a step up in the social scale into a semi-detached house in a respectable suburb. You might think of it as a satire, or you might think of it as a sneer. As played by Leonard Rossiter, and directed by him in co-operation with Alan Strachan, you can only think of it as a wildly exaggerated television sit-com.

Mr. Turner's observation of suburban behaviour is acute, and he has used it to drum up some tellingly comic scenes. He gives himself a pretty strong hand to begin with—Fred Midway (Mr. Rossiter), Area Supervisor of the Sunlight Insurance Company has one daughter who has just had a week's holiday with a married man, another who is determined to divorce her husband after his confession of a visit to a West End tart, and a teenage son who has not only got a girl into trouble but persuaded her to blame it on a director of Fred's company. To maintain a rigorously respectable appearance in the face of all these handicaps, certainly calls for

every ounce of ingenuity Fred can offer. There is nothing very subtle about his sinuous plotting, though, and Mr. Turner sends people on and off the stage to suit himself without much regard to anything but his convenience. If we confine ourselves to appreciation of his cunning and the intrinsic drollery of his characters, we can get plenty of laughs out of them without descending to unkind derision of their manners. It is hard to say, though, exactly what Mr. Rossiter and his company are aiming at except the extraction of as many laughs as possible from an audience who would be quite satisfied if their hero just sat in a chair and smiled at them. Such over-acting I have never seen before outside a circus

ring. Mr. Rossiter over-acts with every joint in his body, let alone his voice. He bounces around on the balls of his feet, swings his arms about like a Hyde Park orator, flexes his knees up and down, turns his head in an infinite variety of nods and becks and wreathed smiles. He could even show you the way with a gesture of his hips. Little of this seems to me to have much to do with Fred Midway, the insurance agent. The rest of his company have to match him with their own performances. Only Gillian Raine as his wife Hilda preserves any real illusion of reality; Theresa Watson as the elder daughter, Anita Carey as her hysterical sister, and Enn Reitel as the somewhat aged teenage son are virtually puppets.

Bigger arts grants from GLC

Five major cultural organisations in London are to get a total of £2.5m in grants from the Greater London Council. The separate grants budget for smaller cultural bodies has been boosted by more than 90 per cent to £650,000. Grant aid to the five main bodies—approved by the GLC arts committee—has been increased by about 24 per cent overall. The breakdown of the individual grants is: English National Opera £700,000—up £120,000; London Festival Ballet £570,000—up £120,000; National Theatre £550,000—up £150,000; London Orchestral Concerts Board £400,000—up £75,000; and the Royal Opera House £220,000—the second instalment to the development appeal.



Robert de Niro

ICA Theatre

Teendreams

by MICHAEL COVENEY

The author of Destiny is adamant in his defence of agitprop as a useful form of theatre, but David Edgar's passion on the subject is hardly justified by this meandering, cliché-ridden piece (written together with Susan Todd) for the feminist touring group, Monstrous Regiment. It shows two pairs of women striking political poses in a male-dominated world, yet the representative males are poorly served by the script and badly acted in Kate Crutchley's splash production.

Frances (Gillian Hanna) progresses from disappointment in 1968 to rôle of feminist teacher; two girls, Trisha and Denise, find her sympathetic to their disgust at male chauvinism. Frances tells them that her idea of a man is someone who treats her like a human being and washes his own socks. Frances's chum is a middle-class housewife who walks out on her husband after 10 years because, apparently, he snores and

behaves huffily when she returns home late one night. Structurally, the piece does not really work, as it takes too long to work-out who is who and when is when. The two girls fall out in a disco scene, where Trisha (Chris Bowler) is set by a trio of butch thugs comparing notes on shoplifting exploits. The thugs, naturally, are girls. Trisha swallows a lot of pills (we see her doing this, and choosing the right dress to do it in during a very long opening few minutes) and Denise (Mary McCusker) is smitten with guilt.

I do not dispute the central premise that men map their lives while women have theirs mapped, but even that partial truth does not constitute good theatre. The people likely to see this show do not have to be told. Sexist righteousness is always a dangerous game to play and oppressed males might resent the naming of a smug teacher "Brewer" in order to smirk at his droop.

Coliseum

Siegfried

by ELIZABETH FORBES

There are certain operatic roles, chiefly though by no means exclusively Wagnerian, that singers approach only with the greatest caution and after the most meticulous preparation. It is not merely their length or complexity that gives these roles such an awesome reputation, but also something particularly daunting in their characterisation. A soprano once told me that she felt quite a different person since singing Isolde. Similarly, a tenor attempting Siegfried—the young Siegfried—for the first time must consider it a very important landmark, a watershed in his career.

On Wednesday night at the Coliseum Kenneth Woollam sang his first Siegfried. One of the great virtues of ENO's Ring, in my opinion, is the human dimension of its characters. There are no outright heroes or villains; even the gods are fallible. Mr. Woollam's interpretation fits well into this moderate scale. No juvenile superman, he has at first the impenetrable armour of complete innocence—or ignorance, one can say. As soon as he starts to learn the facts about himself from Mime he begins to lose his invulnerability. The meaning of fear taught him by Brünnhilde is merely the last and most important lesson in self-awareness.

Vocally, Mr. Woollam has already digested the immense rôle; he manages the repartee with Mime, half-serious, half-carefree, very adroitly, leaving himself plenty of energy for the sword-forging at the end of the first act. His colloquy with the Woodbird is lyrically sung, with the musicality of the phrasing

more than adequate compensation for an occasional dry patch of tone. In the third act, when many Siegfrieds are beginning to tire and show signs of strain, Mr. Woollam not only finds reserves of voice to greet Brünnhilde, but also a new warmth and lustrousness of timbre to match the strange emotions struggling for expression within him.

As Anna Green, who since Brünnhilde, was in better voice than at the previous performance of Siegfried (noticed on this page by Max Loppert) and as Sir Charles Groves conducted in even more magisterial form than before, the final half-hour of the opera provided a dramatic and a musical excitement of unusual intensity. Earlier Raimund Herincx, who took over the rôle of the Wanderer from Don Garrard, who was indisposed, at very short notice, though he himself was suffering from a cold, had given an object lesson in clear, forceful declamation during his scene with Erda.

In the confrontation with Siegfried that follows, Mr. Herincx offered a moment of heart-stopping pathos as he knelt to retrieve the fragments of his spear, shattered by the triumphant, unknowing youth. The rest of the cast was the same as at the earlier performance with Edward Byles and John Gibbs, respectively Mime and Alberich, especially good in their slanging match before Father's cave and in their separate encounters with the Wanderer. When faced with the Nibelung brothers, Mr. Herincx's sardonic humour and sense of irony are joys to hear and behold.

Wigmore Hall

Henze's Autumn

by RONALD CRICHTON

The Koenig Ensemble is directed by the pianist Jan Latham-Koenig, a veteran of Hans Werner Henze's Montepulciano Festival. He was rewarded on Wednesday, with the premiere of Henze's new Wind Quintet, L'Autunno, which came at the end of an all-Henze programme. The title refers to the composer's belief that he has entered a new period, which he modestly, in his early 50s, calls "autumn." So much the better for those of us who find autumn the nicest of the seasons.

The substance of the quintet (for flute, oboe, clarinet, bassoon and horn) comes from music written for a film, Der Tausendacht. The five movements are separated by solo cadenzas. Except for the horn, each instrument doubles with higher or lower members of the same family. Colour and texture are rich. Though there is plenty of lively rhythmic writing in the two scherzos, the spikiness associated with much modern music for wind ensembles is almost entirely absent. Much of L'Autunno is linear and much (the third movement, for instance, dominated by the horn,

and the finale, which moves over a phrase from Bech's Magnificat) is frankly romantic. The movement preceding the finale, which starts brilliantly but changes mood more than once, seemed a little diffuse.

This was noticeable because the rest of the programme, consisting largely of minor works or of extracts (three songs from the big cycle, Voices, interestingly sung by Ian Caley, showing a new side to his talent) made a more direct, more concise impact than smaller things by Henze always do. There was the accustomed feeling of unquenchable fluency, but as ever a sensitive ear and constant musicalianess.

The performances were likeable, with an appropriate touch of asperity at the climax of Die Weisses Rose and in parts of the songs from Voices. There wasn't a great deal of dynamic shading, but that was probably more the fault of the inflexible medium than of composer or players. On his own, Mr. Latham-Koenig played the Lucy Scott Variations for piano, and made them sound unusually compelling.

New members of Arts Council's music advisory panel

The Arts Council has appointed eight new members and a new deputy chairman to its music advisory panel. Nigel Goodwin, the freelance critic and writer, and a member of the panel since January 1976, becomes deputy chairman in succession to John Manduell (principal of the Royal Northern College of Music). The new members of the panel are Dave Gelly, jazz musician and writer, and chairman of the jazz sub-committee of the panel; Eli Goren, former leader of the BBC Symphony Orchestra; Philip Jones, trumpeter and leader of the Philip Jones Brass Ensemble; Vyakarman Lakshminarayana, noisseur of Indian music; Nigel Osborne, the composer, and lecturer at Nottingham University; Dr. John Paynter, a composer with a particular interest in music education; Cllr. A. D. Pope, member of Oxford City Council recreation and amenities committee, and music specialist manager at Blackwell's Music Shop; and Pauline Tinsley, the singer.

The panel continues to be chaired by Professor Basil Dean, professor of music at Manchester University.



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POLITICS TODAY

# Mr. Carter does good things badly

"RECENT EVENTS, particularly in Iran and South-East Asia," President Carter said the other day, "have touched off a national debate about what America's role should be in dealing with turbulence and in trying to guide inevitable change."

One cannot speak of what is happening inside the U.S. except to say that those Americans who have been travelling in Europe clearly bring their problems with them. Whether it concerns SALT 2, Iran, the Middle East, China and Vietnam or the whole lot, there can be little doubt about the intensity of the debate to which the President referred, at least among the foreign policy community.

But there is also a debate in Europe, and it seems to be as wide as the one in the U.S. It is a debate about President Carter's role in the world. It is a debate about the "new Germans" who from time to time speak up for themselves. Herr Hans Apel, presently the German Defence Minister, is a particular object of American puzzlement. The vague feelings of mistrust seems to be mutual.

There is also the case of Britain. The loyalty of the present Labour Government to the Anglo-American alliance may never be doubted, and President Carter seems to have scored something of a hit with the Labour Left as well. But under the Tories it could be different. A number of Con-

servatives have made no secret of their dislike of some of the Administration's policies—for example, on Rhodesia, and their dislike of some of Mr. Carter's officers, such as Mr. Andrew Young at the United Nations, is still greater. Again, Mr. Francis Pym, the shadow Foreign Secretary, is a much more committed European than was generally realised at the time of his appointment.

Besides there has been a fundamental change in the Tory party towards relations with America. In the old days Mr. Harold Macmillan used to boast about his American connections. Indeed, whenever he appears on television, he still does. Today those connections no longer exist. What is more, even in the old days of the Tory-American relationship, some signs of strain were apparent. The Tories could never quite get used to the idea of being "number two." It was a case of trying to play Athens to the American Rome. One doubts whether today, any such relationship could be even aspired to. A Tory Government now would seek a more equal relationship with the countries of Europe.

There are other ways in which the change in attitudes towards America could be illustrated. The other day, for example, President Carter said himself that never before in the postwar period had the U.S. enjoyed better relations than the Soviet Union with the three major Asian powers—China, India and Japan. There is also the case of America's new-found popularity among the non-aligned countries. They no longer attack the U.S. for interfering all over the globe. This is because the U.S. no longer intervenes.

Yet that perhaps is the root of the problem. Has America



won new prestige among old enemies only at the expense of creating new mistrust among old friends and allies? Is it worth it, for example, to win new respect in (say) Yugoslavia if the price is to stand idly by as the Shah of Iran passes from power? Or, to put it more crudely, at what stage does a refusal to use military power in areas where American administrations might well have used it in the past become an abdication of America's world role?

NATO, and perhaps the understanding with Japan. At the same time it has entered new areas. The Carter Administration, for instance, is much more actively engaged in diplomacy in Southern Africa than any of its predecessors.

The policy is, of course, much influenced by what happened in Vietnam in the past. President Carter does not want to intervene in areas where the outcome is unpredictable and probably beyond American control.

But if one wanted to be philosophical and take the long term view, it would be like this: At the very time when America is in a position to intervene around the globe, it has relieved the limits of interventionism. It is one thing to deploy military force, but quite another to produce the desired political result. Involvement in another country's affairs produces more trouble than it is worth. And if the Soviet Union does not understand that lesson, then let it learn it from experience. Sooner or later, it will find that by its interference in other countries or by adventurism in foreign policies it has bitten off more than it can chew.

That, in a way, is the paradox of "globalism." At the instant when the U.S. has the capability to act on a world scale it decides that it is wiser to refrain.

So far, so simple. Yet what seems to have gone wrong is that the Carter Administration has discovered that there are parts of the world to which the theory cannot easily be applied. There are the grey areas, or what President Carter himself recently described as the "twilight world of change and sometimes turmoil." How far can America afford to stand aside and see its friends forced out of office, even if they have

been no formal alliance? Are there not limits to the political vacuum which the U.S. can allow to be created? And even if in theory there are not, what about the reactions of America's remaining old friends who may think differently?

It is here that the coincidence of events in Iran and the Middle East seems to have had an effect on American thinking. If the Camp David agreements on the Middle East had not come at least temporarily unstuck, the toppling of the Shah might have mattered less; or vice versa. As it is, one of the more volatile parts of the world appears to have become even more unstable. It may seem obvious, but it is none the less true, that people are asking: "If America won't defend the Shah, then whom will it defend?"

## Military bases

It seems to have been the realisation of this that led to the recent visit to the Middle East by Dr. Harold Brown, the U.S. Defence Secretary, and to the suggestion that America was seeking to establish a military presence in the area. Those reports may have been exaggerated, but they were not entirely wide of the mark, as was confirmed by President Carter this week. "We have no desire to open military bases... or to station American troops in Saudi Arabia," he told a Press conference on Tuesday. But he went on: "We do want to strengthen the combined responsibility and capability of our friends and allies who seek moderation, peace and stability, to preserve the integrity of that region."

That statement can be interpreted in several ways, which is the trouble with many of the

utterances of President Carter. One interpretation would be that in the aftermath of Iran the hawks in the Administration are winning and that the U.S. is going back to a policy of interventionism. But another would be that the President is looking for an approach to the twilight world which America wishes to keep stable, but which it knows it cannot control. Such an approach would fall short of direct intervention, but would amount to more than doing nothing when turmoil occurs.

The point can be very well put by comparing recent statements by the President with those of Dr. Henry Kissinger, the former Secretary of State. Mr. Carter frequently says that the U.S. "continues to be the most powerful nation on earth — militarily, economically and politically." Sometimes he adds "morally" into the bargain. Dr. Kissinger, however, queries the value of such power if it is not applied. In his interview with *The Economist* last month he went so far as to say that one of the great problems facing Saudi Arabia and the Gulf was the "growing perception of American power to the most likely dangers that these countries face."

Dr. Kissinger had suggested earlier in the interview that the "combination of Soviet actions in Ethiopia, South Yemen, Afghanistan, plus the general perception of an American geopolitical decline, had the consequence of demoralising those whose stock-in-trade was co-operation with the U.S."

One suspects that, after Iran and the possible failure of the Camp David diplomacy, President Carter has moved somewhat closer to the Kissinger position. But to be accurate, it is not really a position; not even Dr. Kissinger seems to

argue any more that the U.S. should intervene all over the place and all of the time. It is more a matter of raising the right questions. Success, says Dr. Kissinger today, depends on "the subtle accumulation of nuances." In other words, the debate is not about the general issue of intervention. It is about in which circumstances, at what level and how?

## Selective

The obvious answer is that intervention should be selective, but of course that, too, begs the question. Which areas should the U.S. select? And should they be the same all the time? Even then, there is still the question of the extent of the intervention. Is the sending of the Sixth Fleet, for example, enough, or should it be prepared, and known to be prepared, to act?

In part, President Carter has already supplied an answer of his own. He has selected NATO as an alliance to be strengthened because it is an alliance that already exists. But that is only the easy part. The rest of his policy seems to be still unclear both to America's friends and to its enemies, let alone to the people in between.

Two comments have recently been offered, one hostile and the other rather less so. The hostile one, coming from a leading Republican, is that President Carter is "the President of splendid oscillation." The other — from a leading U.S. official — is that President Carter "does good things badly." One prefers the latter, but there is a good deal of explanation and a good deal of thinking still to be done.

Malcolm Rutherford

## Autocrats and workers

From Mr. D. Cochrane  
Sir — As an expatriate manager, I would appreciate the opportunity of expressing a necessarily belated view on the reported comments of Prince Charles in regard to the general level of competence of British management.

The problem, peculiar in the western world to Britain and its offshoots, including Australia, is the continued survival of the autocratic attitudes, the divisive "boss" complex, from which countries such as the United States and Sweden seem largely free.

It is not only the belligerence frequently found as a side effect in the dealings of the autocrat with the "workers," which serves to reduce management competence, but it is equally the undesirable subjectivity of judgment which such an attitude produces.

There is an apt saying that the inefficient worker "blames his tools." The employees, blue or white collar, are the tools of management, and the trade union situation simply part of the scenario in which the manager has to exercise his judgment and make his decisions. The responsibility is his, and if the result is a mess he can only look to his own competence for the answer.

Britain now has an abundant supply of trained and efficient managers, but unfortunately few seem to have been able to break through to the top positions. Those positions remain occupied by people whose training and expertise is not in management, but in the particular industrial process or commercial field of the undertaking concerned.

D. M. Cochrane,  
S. Davlak Street,  
Como, Perth 6152,  
Western Australia.

## Greater union militancy

From Mr. A. Beard  
Sir — Somebody remarked the other day that the unions are not impossible to deal with. Thirty years ago, just back from the forces, knowing everything about human relations and precious little about industry I should probably have agreed with him. Today, 30 years on, experience has taught me that the vast majority of our industrial ills can be laid squarely at the door of organised labour.

In the last 30 years management has changed dramatically. No longer does it recruit exclusively from the privileged classes. Most of us have come from the shopfloor ourselves. Many of us have received management training in University or management school. And while management is still not perfect, the best of it bears comparison with anything that is to be found elsewhere in the world.

## Letters to the Editor

most proud. Now when one union gets a 15 per cent wage award so must every other quite regardless of widely differing economic circumstances in differing industries. They appear not to have noticed that the only way of making the cake larger is by people doing more work not less. Through decreasing output and ever increasing wages, the unions have succeeded in pricing their members out of the market which is a major factor in the decline of industrial investment and hence increasing unemployment.

Truly it has been said of the unions that they have forgotten nothing and learned nothing. If only there were a few more trade union leaders like Mr. Frank Chapple with the vision and courage to speak out about the ill-effects of trade union mal-practices there would be some hope for us, but until a few more Frank Chapples appear, I do not see how management can do very much more. The same authority is reported to have said that management did not communicate enough. True. But it is very difficult to communicate with those who do not wish to hear.

In the 20 years since the war management has advanced a long way towards the unions but the response has been disappointing in the extreme. The fault does not lie with management but with the trade unions themselves, encouraged in their intransigence as they have been by the actions of successive governments.

A. L. Beard,  
Woodfield, Sparken Hill,  
Worsnop, Notts.

## Alternative education

From Mr. P. Callaghan  
Sir — The reactions of your readers to Prince Charles' apt remarks suggest that they have overlooked the one real effort being made to change the "two cultures" situation which makes communication so difficult, not only in industry but throughout our society. Even Arthur Sandles makes no mention of it in his very good article today.

I refer to comprehensive education, the purpose of which is to provide a common cultural background for children of all classes and abilities, in the belief that this will gradually effect the disappearance of the barriers between classes, though it will of course never remove the class system itself. It is of necessity a long-term strategy, and the process is not expedited by the continuing existence of alternative education. Pat Callaghan,  
6, Dudley Road, SW19.

From the Managing Director,  
L. M. Van Moppes and Sons  
Diamond Tools

## Wealth on display

From Mrs. M. Davies  
Sir — Mr. Frank Brown (Feb. 27) suggests that the gifts presented to The Queen and Prince Philip on their tour of the West States be exhibited in Westminster Hall. It is difficult for many people to attend London exhibitions, and if these well-deserved "Arabian Nights" gifts could be displayed in the museums of our main centres a much wider public could enjoy them.

(Mrs.) Marian Davies,  
Rhonda Rise,  
Heol Pant-y-Gored,  
Creigiau, Cardiff.

## Business and Europe

From the Prospective Liberal Euro-Candidate for North and East Essex  
Sir — In the forthcoming direct elections to the European Assembly many candidates will be saying that the European adventure is no more than a big business carve-up.

Although plainly the Community is founded on free trade and free enterprise principles, it is a great deal more than that — indeed, if that were not so, I would not be too interested in its future. That goes, I think, for the majority of those who want to make a success of the Community and the forthcoming elections.

It is, then, depressing to have to read some of the self-inflating advertisements and company statements which pepper most issues of your admirable paper. They usually contrast strikingly with the editorial content which invariably (and rightly) urges realism and moderation. What would a Socialist doctrinaire make, for example, of the current advertisements in your paper for American Banker?

Under the heading "The more money talks, the more it has to listen" one reads this excerpt: "In American Banker big money buys big blocks. And at the high end of the line. Computers and computer companies. Gold-plated premiums and gold mines. Corporate images and corporations."

If the people who write that sort of copy really believe what they say, and if their clients are happy with it, perhaps the mixed economy has had its day. I hope not, but I sometimes wonder.

Andrew Phillips,  
89, Bradford Street, Bocking,  
Braintree, Essex.

## Grounds for complaint

From Mr. G. Green  
Sir — Clients of stockbroking firms caught in the loutch at the Bank of England are fortunate to be compensated. Those of us who posted applications first class post on Tuesday and received rejection slips post-marked Thursday have real grounds for complaint.

G. H. Green,  
10, Esplanade Court,  
The Esplanade, Harrogate,  
N. Yorkshire.

## GENERAL

UK: Result of devolution referendum in Scotland and Wales.  
Mr. Denis Healey, Chancellor of the Exchequer, meets members of Trades Union Congress general council to discuss TUC's economic review.  
UK official reserves (February).  
Capital issues and redemptions (February).  
Call by unofficial shop stewards for national 24-hour total ambulance strike in protest against pay offer.  
Civil Service unions meet Lord Peart, Lord Privy Seal.  
Employees in the four big

## Today's Events

banks in Ulster begin two-day strike.  
British Airways expected to sign formal contract with Boeing of the U.S. and Rolls-Royce for purchase of 19 new 767 jet aircraft worth £400m including spares.  
Japanese import promotion mission continues tour of UK.  
Mr. Anthony Wedgwood Benn, Energy Secretary, at Labour Party meeting, Manchester University, 4 pm.  
Sir John Betjeman, Poet Laureate, launches 150th anniversary of the London bus celebrations, Guildhall.  
Lent Sermon by Cardinal G. B. Hume, Cardinal Archbishop of Westminster, St. Lawrence Jewry next Guildhall, Gresham Street, E.C.3, 1.15-1.45 pm.  
Sir Kenneth Cork, Lord Mayor of London, attends Walbrook Ward Club Luncheon, Cutler's Hall, Warwick Lane, E.C.4, 12.45 pm.  
Lecture by Mr. John Schofield on London in the Dark Ages, Museum of London, London Wall, E.C.3, 1.10-1.45 pm.

## Overseas: Socialist Party Congress opens in Lisbon, Portugal.

COMPANY RESULTS  
Final dividends: George Oliver (Footwear), Rea Brothers.  
Interim dividend: Bogod-Pelepah.  
COMPANY MEETINGS  
CSB Holdings, Esherstone Avenue, Newcastle upon Tyne.  
E.30, Thomas French, Old Trafford, Manchester, 12.30.  
Gough Cooper, Bromley Court Hotel, Bromley, Kent, 12.  
Plastic Constructions, Abercorn Rooms, Great Eastern Hotel, Bishopsgate, EC, 12.  
Warner Estate, Howard Hotel, Temple Place, WC, 12.15.



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	Extra ½% interest for 2 years	8.50%	12.69% GCAS
	Share Account	8.00%	11.94% GCAS

Full Name(s) \_\_\_\_\_  
Address \_\_\_\_\_  
Date \_\_\_\_\_ FT4

# It pays to decide Nationwide

Head Office: New Oxford House, High Holborn, London WC1V 0JF. Fax: 01-250 1110. Authorised investment by Trustees, Member of the Building Societies Association.

Companies and Markets

UK COMPANY NEWS

EMI to cut dividend as medical side takes toll

MEDICAL electronics operations at EMI continue to show serious losses and while announcing an unchanged interim dividend of 5.41p net, the directors are forecasting a cut in the final payment—last year's final was 5.97p.

During the six months group sales moved up from £231.1m to £480.08m and pre-tax profits show a £0.69m advance to £20.6m. Stated basic earnings per 50p share improved from 6.9p to 7.4p and fully diluted from 6.4p to 6.9p.

The directors report that while results of music operations, especially in the U.S., are satisfactory and most UK activities are making progress despite difficult trading conditions, the outlook for the second half year remains uncertain. Group taxable profit last year amounted to £25.97m.

Time will be needed to restore medical operations to profitability, the directors state. In the U.S., the largest single market for these products, group management intervention and spending on health care has remained effective. Meanwhile, competition for the available market throughout the world is hardening.

These two factors contributed to loss of volume and together with major expenditure on the new model programme resulted in the aforementioned deficit. A breakdown of first half sales (£000s omitted) shows: music £76,145 (£83,087); TV £34,326 (£28,685); medical electronics £22,681 (£40,292) and other electronics £32,552 (£34,614).

Taxable profit was struck after higher interest of £5.1m (£5.56m) and was subject to tax of £10.73m (£10.77m). After minorities of £1.08m (£0.99m) and extraordinary credits of £18,000 (£118,000), the attributable balance came out at £3.2m (£7.65m). See Lex

HIGHLIGHTS

Dividend shocks dominated the equity market yesterday with EMI indicating that it will probably not be able to hold its payout this year while Hoover announces an actual cut. Continuing big losses on medical electronics are undermining EMI's performance and Lex looks at how this may develop in the second half. Hoover still faces strong pressure from imports of washing machines and profits for 1978 have tumbled. Elsewhere, Lex looks at the issues of the increased Sime Darby offer for Guthrie and briefly considers prospects for new gilt-edged issues, possibly today. Johnson Matthey comes forward with a £19m cash call and Royal Insurance produces a strong final quarter with the result that it can increase its dividend by more than a tenth.

NCR profit surges to £12.2m

PROFITS BEFORE tax of NCR, a wholly-owned subsidiary of NCR Corporation, U.S., surged from £3.5m to £12.2m for 1978, including an exceptional £1.5m surplus as a result of the sale of its rights to future royalty income on the sale of coated paper.

The directors say the result reflects the recent investment in new products, sales of higher unit value equipment and continuing product and overhead cost reduction efforts.

Turnover rose almost £1m to £76.65m, of which exports amounted to £22.5m (£22.5m), and trading profits came out at £10.38m (£3.15m). During the year, the company bought \$5.47m of the \$6m 8 1/2 per cent guaranteed loan stock 1993-1998 for £4.25m. This stock has been cancelled and the £1.15m gain is shown as an extraordinary item.

Attributable profits emerged ahead from £0.88m to £7.26m.

Ratcliffs loses momentum

PRE-TAX profit growth slowed in the second half of 1978 at Ratcliffs (Great Bridge). The first half showed an increase of £135,700 to £517,200, whereas the second half added only £14,100 to the previous year and left the full year figure ahead from £1.64m to £1.79m.

The directors say that the company has made an inauspicious start to the current year and a profit shortfall is forecast for 1979.

Turnover for 1978 declined from £40.58m to £38.49m and tax for the period took £22,400 compared with £774,500.

The second interim dividend is 1.385p net raising the total payment from 1.915p to 2.118p. The directors report that Canadian earnings increased by 27 per cent in dollar terms, reduced to approximately ten per cent on conversion to sterling due to lower exchange rate prevailing.

Royal lifting dividend 12.4%

UNDERWRITING PROFITS up 10 per cent and investment income up 7 per cent resulted in pre-tax profits for 1978 of Royal Insurance advancing by nearly £20m to £153.6m.

After tax and minority interests, net profit for the year amounted to £117 per cent from £74.7m to £87.7m.

As a result the company is increasing its dividend for the year by 12.4 per cent in "gross" terms—the first major insurance composite to improve its payment by more than 10 per cent. The final is 11.5p net which together with the interim already paid makes a total of 18.77p (16.599p).

In gross terms the dividend is 28.018p compared with 24.921p previously. This increase is subject to Treasury approval which can only be obtained after the accounts have been audited.

The company could have increased its dividend by an amount in excess of 15 per cent under Government rules. But Mr. Daniel Meinerzhagen, the chairman emphasised that the dividend policy of the group was that of a steady progressive rise in payments. The new rate is covered just over three times.

There was a slight drop in the standing value of premiums written from £1.94m to £1.22m. The 1978 figure was depressed by about £25m following the change of the reinsurance division into a separate company. Also, because of minor changes in accounting dates for the UK and Republic of Ireland business, an extra £15m of premiums was brought into account.

If allowance was made for these changes and for changes in the exchange rates, the underlying growth in premiums was 6.7 per cent—a rate lower than the group normally looked for.

The improvement in underwriting results came mainly from the U.S., the group's major operating country, with better results in Europe and in the UK. In the U.S., profit advanced from £0.2m in 1977 to £10.5m last year with improvements in all major lines.

Profits were achieved on all the property lines, while losses were eliminated on general liability business and reduced in automobile and workers' compensation. On this latter business the premium increases granted were still moderate.

Operating conditions were still unhappy year, with the consequences of unresolved political problems at home coinciding with heavy losses in Australia. While the pre-tax deficit was not too far wide of market expectations, the big shock is that losses are continuing in Australia and that the company might be forced to close down the operation at a cost of £2.5m this year. Clearly, AF will be forced to go ahead with its expensive reinsurance programme at home given that the satisfactory results have been reached on a common fisheries policy. This will put a great strain on the balance sheet and the company might feel justified in cutting the Australian losses, although the long-term prospects there are good.

The key to the whole problem clearly rests with the politicians but while the prospects for AF are bleak, the shares closed 5p lower at 38p last night, valuing the company at around £6.8m.

British Vita's past fortunes have largely been tied to the old Commonwealth countries. The group is currently taking the sometimes painful task of reducing its dependence on these areas and the lower share of Nigerian profits is one manifestation, albeit involuntary, of this trend. The gap leaves associate profits a fifth smaller than overseas contribution, mainly a reflection of Zambia's troubled economy, only shows a slight improvement. The UK side, meanwhile, has enjoyed further recovery following earlier losses, enabling group profits to advance by more than a tenth. High consumer spending has spurred demand from furniture and bed manufacturers while the rubber companies, hurt by a slump in the tyre industry, now appear to be finding new markets. This year doubts over raw material prices pose a question mark over prospects and the group may well look to the new acquisition, Caligen, to sustain further growth. At 146p the shares are on a p/e of 4.9 where thanks to a 50 per cent increase in dividends, the yield is 2.8 per cent.

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In a letter accompanying the interim warrant in respect of the 24 weeks trading to August 12, last year, Mr. Porter said the firm's net profit margin was maintained and this was particularly satisfactory since substantial costs arising on the opening of eight stores were absorbed in the period.

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Hoover dives to £5.3m. and set to axe more jobs

SALES VOLUME improved in 1978 for Hoover but severe pressure on margins both at home and abroad persisted. As a result there was a further decline in taxable profit in the last three months from £6.22m to £1.15m, leaving the full-time total sharply lower at £5.3m, against £12.24m.

Also the net total dividend is down from £4.82p to 12p.

Half the profits came from overseas operations of the group, which produces domestic electrical appliances. Turnover for the 12 months was 11 per cent up from £191m to £202m. The current year must be better than last year, and 1980 should be better still.

Mr. Gwynne Lloyd, managing director, said later, that provided there were no industrial problems outside the Board's control, the current year must be better than last year, and 1980 should be better still.

He pointed out that over 1978 though costs rose 12 per cent prices rose an average of 8 per cent. He expected consumer spending to be quite strong in the first half of 1979 and the company was pushing hard for more price increases. A 4 per cent rise came effective yesterday.

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DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date, Corro. Div., Total for year, Total last year. Includes companies like Associated Fisheries, British Vita, Diploma, EMI, Hoover, Law Debenture, Leader Sheep Prop, Nesco Invest, Prestwich, Parker Int, Ratcliffs, Rentokil, Rights & Issues, Royal Insurance, S. Lyles, TMG Group, Thomas Walker, Trans-Oceanic.

Dividends shown hence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

and less space. Some £7m is to be spent on equipment to raise productivity. Meanwhile the company has deferred the introduction of major new models to beyond 1979.

Stated earnings per 25p share fell to 15p (25p). The net total dividend is cut to 12p (14.82p) by a final 6.33p and costs £2.38m (£2.94m). The directors will maintain this level of dividend until trading profits return to a more satisfactory level.

A tax charge of £2.33m (£7.26m) leaves net surplus for the year at £2.57m (£3.65m) which the Directors associate retained £701,000 (£223,000 reduction in reserves).

Since recovering in 1975 to profits of £20.42m, against the previous peak of £21.3m two years earlier, Hoover's surplus slipped back to £18.98m in 1978. See Lex

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AF may close in Australia

Associated Fisheries, which yesterday announced a 25m turn-down to losses of £2.38m for the year ended September 30, 1978, is considering closing down its Australian operation at a cost of £2.5m in the current year, according to Mr. Paul Tapscott, the retiring chairman.

The decision, which will be taken within the next month, depends on whether the directors go ahead with a plan to re-fit the UK trawling fleet, which could cost up to £10.5m per ship. At present AF has a fleet of 77 vessels, of which 27 are tied up.

Mr. Tapscott said yesterday that if it was decided that such expenditure was necessary, the company could probably not afford to carry the Australian venture, which was incurring heavy start-up costs.

In 1977 the deficit in Australia amounted to £1.6m. The chairman estimated that it would cost around £2.5m to withdraw, including some £0.6m operating losses since the year-end.

AF has a fleet of three ships operating off the west coast of Australia. Mr. Tapscott revealed that the subsidiary, British United Trawlers, Britain's major fishing fleet operator, incurred a loss of £2.38m during 1978 (profit £3m). This was principally due to reduced fishing opportunities in customary fishing grounds, he said.

Blaming the politicians, he reiterated his plea for a more realistic line in Britain's negotiations with other EEC countries on a common fisheries policy.

He said there was no sign yet of agreement on a common policy and in the meantime AF was forced to implement a major rationalisation of the company. In the circumstances, the dividend is to be paid for the year, compared with a total of 3p net per 25p share in 1978-77.

comment Associated Fisheries has had an

unhappy year, with the consequences of unresolved political problems at home coinciding with heavy losses in Australia. While the pre-tax deficit was not too far wide of market expectations, the big shock is that losses are continuing in Australia and that the company might be forced to close down the operation at a cost of £2.5m this year. Clearly, AF will be forced to go ahead with its expensive reinsurance programme at home given that the satisfactory results have been reached on a common fisheries policy. This will put a great strain on the balance sheet and the company might feel justified in cutting the Australian losses, although the long-term prospects there are good.

The key to the whole problem clearly rests with the politicians but while the prospects for AF are bleak, the shares closed 5p lower at 38p last night, valuing the company at around £6.8m.

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The further six stores had been opened since then, at Finchley, Hackney, Neath, Paisley, Portsmouth and Yeovil. Additionally, the group had opened four Bake 'n' Bites, the new fast food shops, in the Claverton store and separate units at Bristol, Farnborough and Putney.

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Diploma ignores cut price war—up 26%

WITHOUT RESORTING to price cutting in a highly competitive market, Diploma, formerly Diploma Investments, expanded sales 20 per cent from £18.08m to £18.15m and pre-tax profit by 26 per cent to £2.29m, against £1.8m (£1.7m) for the half year to December 31, 1978.

The company's distribution activities further raised their market shares despite a price war, especially in electronic components, and most of the manufacturing divisions produced a solid performance.

"Up to the present time the effects of the national labour industrial actions have not been too crippling but undoubtedly have caused many problems and greater expense in several of our activities," Mr. Christopher Thomas, the chairman, comments.

The tax charge was ahead to £1.96m (£1.06m) but having brought some minority interests into the account, the minority profit was lower at £102,000, against £133,000, and earnings per 25p emerged up from 5.14p to 10.8p. From these a higher net interim dividend of 1.5p (£1.5m) was paid from a final of £2,065p was paid from record surplus of £4.6m.

Bank balances continue to rise and the directors are hopeful of enhancing cash flow and ultimately dividend payments.

On the distribution side Robert Lee, plumbing fittings distributor, turned in good results and its market continues to look favourable, particularly in the home improvement sector. Despite fewer housing starts, I. G. Lintels lifted profits to near the full year level.

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Tesco confident of increase

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Companies and Markets BIDS and DEALS

Tilling pays £11m for U.S. insulation group

Thomas Tilling one of Britain's largest industrial holding groups yesterday added to its recent string of U.S. acquisitions with the US\$22m (£10.9m) purchase of Clecon Incorporated of Cleveland, Ohio.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are intended or not, and the sub-divisions shown below are based mainly on last year's dividends.

Table with columns: Company Name, Meeting Date, and Dividend Information.

Moss workers to fight GEI takeover

About 40 per cent of the workforce of Moss Engineering have given support to the management in its fight against a £4.1m takeover bid by GEI International.

Hawthorn Baker share sale

TWO MAJOR shareholders of Hawthorn Baker, the manufacturer of precision goods for the printing industry, are planning to sell their combined holdings which represent around 70 per cent of the group's equity.

HOWDEN AND HILL SAMUEL IN SOUTH AFRICA

Alexander Howden Group and Hill Samuel Group (SA), propose to merge their South African insurance, broking and pension consultancy interests.

DUCKHAM/KERAX WAX COATING DEAL

Alexander Duckham, the engine oil and lubricant subsidiary of British Petroleum, has agreed in principle to pay £225,000 cash to acquire a 49 per cent stake in Kerax Holdings which manufactures protective wax coatings for the packaging industry.

BROOKE BOND IN BELGIUM

Brooke Bond, Liebig has acquired a 78 per cent interest in the capital of Etabl. P. Demeire of Antwerp, Belgium, for a consideration of Bfr 283,000 (about £175,000).

MINING NEWS

Gold investment demand up 70%

LAST YEAR investment demand for gold, much of it speculative, jumped by more than 70 per cent to an estimated 335 tons and the main sources of new supply were the U.S. Treasury and the Soviet Union writes Our Financial Staff.

UC Investments to earn more

RIDING ON the crest of high gold and platinum prices, UC Investments, the South African investment company in the Union Corporation group, expects this year to receive a higher dividend income.

UK SILICA SAND OUTPUT RECORD

A record production of 120,000 tonnes of silica sand was achieved last year at the mine operated by Titeon Lock Alene on the Sound of Mull, Argyll.

Good quarter for Nchanga

FOLLOWING THE sharp improvement in fortunes of Roan Consolidated Mines reported for the December quarter of last year, the other major State-controlled Zambian copper mining group, Nchanga Consolidated Copper Mines, also announced a return to better times.

Although the recovery in the metal price has produced a turnaround from losses to profits on the Zambian copperbelt, the mines still have major problems. They suffer from a shortage of skilled labour - mainly in expatriates - coupled with a lack of foreign exchange which is adversely affecting the condition and development of the mines.

Preliminary Results from Royal Insurance

FINAL DIVIDEND

The directors propose to recommend to the stockholders that at the annual general meeting to be held on 10th May 1979 a final dividend be declared of 11.55p per 25p unit of stock to be paid on 18th May 1979.

This together with the interim dividend of 7.273p (10.854p "gross") already paid will make a total distribution of 18.773p (28.018p "gross") per unit of stock for the year 1978 - an increase in "gross" terms of 12.4 per cent - compared with 16.598p (24.921p "gross") for 1977 including the supplementary dividend for that year paid on 2nd January 1979.

ESTIMATED RESULTS

The audited accounts are due to be published on 17th April 1979. Preliminary unaudited figures for the year 1978, with the comparable figures for the year 1977, are as follows:

Table comparing financial results for Year 1978 and Year 1977. Columns include: General Insurance, Underwriting Profit, Long term insurance profits, Investment Income, Share of Associated Companies' profits, Total profit before taxation, Taxation, Profit after taxation, Adjustment under Canadian Anti-Inflation Regulations, Minority Interest, Net Profit attributable to the Company, Supplementary dividend for the previous year, Dividends for the year, Provision for Employee Share Scheme, and Transfer to Retained Profits.

The geographical distribution of the general insurance business and of the underwriting results was as follows:

Table showing geographical distribution of general insurance business and underwriting results for Year 1978 and Year 1977. Columns include: Country, Premiums, Profit, and Underwriting Profit.

The operating ratios for the USA on the UK basis were:

Table showing operating ratios for the USA on the UK basis for 1978 and 1977. Columns include: Claims as % of earned premiums, Expenses as % of written premiums, and Operating ratio.

The corresponding ratios on the U.S. statutory basis were:

Table showing corresponding ratios on the U.S. statutory basis for 1978 and 1977. Columns include: Operating ratio.

EXCHANGE RATES

In the above figures foreign currency has been converted according to our normal practice at approximately the average rates of exchange ruling during the period. The principal rates were:

Table showing exchange rates for 1978 and 1977. Columns include: Country, 1978 rate, and 1977 rate.

Note (1) Premiums written in 1978 have been depressed by approximately £25m in the Other Overseas category as estimates of unreported inward reinsurance business under proportional treaties are no longer included. Only the figures actually reported in the accounting year are now included. This change follows the conversion of the Reinsurance Division into a separate company, the Royal Reinsurance Company Limited. Because of minor changes in the accounting date for the UK and Irish Republic business an extra £15m of written premiums has been brought into the accounts. If allowance is made for these changes and for changes in exchange rates the underwriting growth in premium income becomes 6.7% as against an apparent decrease.

Note (2) Subject to the agreement of stockholders at the annual general meeting it is proposed to introduce an Employee Share Scheme under the provisions of the 1975 Finance Act on a basis related to salary with a maximum allocable to any individual of £500 worth of stock.

UNDERWRITING RESULT

The underwriting profit of £25.3m includes a benefit of £0.7m arising from the change in accounting dates referred to in the second paragraph of Note 1. It was, however, adversely affected by £1.8m due to changes in exchange rates in all the property lines. In the USA all major lines improved to produce a significantly better underwriting result. Profits were achieved in all the property lines. Losses were reduced in automobile and workers' compensation and eliminated in general liability. In the UK, there was another good result with commercial business contributing a useful profit. There was a marginal loss on personal lines. In Canada the lower underwriting profit was attributable to the increase in competition in all lines and to increased claims frequency in the personal automobile line. In Australia intense competition and our refusal to write business at what we consider to be uneconomic rates caused some loss of business. Whilst profits continued to be earned in workers' compensation and motor business, the household accident produced severe losses. In the Netherlands the underwriting loss was reduced from £4.8m to £0.5m. The other European countries produced a profit of £0.7m compared with the breakeven result of last year. As a result there was a substantial overall recovery in Europe to a small underwriting profit. In Other Overseas results overall were profitable although at a reduced level.

INVESTMENT INCOME

The effect of the changes in exchange rates adversely affected investment income by £8.7m. The underlying growth of investment income was 15.2 per cent. 1st March, 1979



Advertisement for Royal Insurance offering fixed term shares for 2 years and 4 years. Includes interest rates of 9.75% and 10%, and 14.55% and 14.93% respectively. Also includes details for The Long-Term Credit Bank of Japan, Limited, offering floating rate certificates of deposit.

Advertisement for 'THE SPEAKING CLOCK' featuring a cartoon character and the text 'AT THE THIRD STROKE I CAUGHT THE 8:15 PRECISELY'. Includes a 'BUZZ' sound effect.



Companies and Markets INTL. COMPANIES and FINANCE

UBS holds dividend on lower profit

BY JOHN WICKS IN ZURICH

LOWER PROFITS and an unchanged dividend are announced by the Union Bank of Switzerland...

represent the equivalent of one-quarter of total capital. Initially the Board is asking for authorization to issue participation certificates...

Nevertheless, the bank was now unable fully to offset increased costs by additional income. Particularly unsatisfactory, as a result of a historic low in Swiss interest margins...

Bank deposits declined by 1.6 per cent to SwFr 16.6bn due to a "cautious policy pursued in inter-bank operations."

Strong Bourse advance for Italcementi

By Rupert Cornwell in Rome

SHARES IN Italcementi, the cornerstone of the financial and industrial empire of Sig. Carlo Pesenti, rose a further 1.250 on the Milan bourse yesterday...

Early loan repayment by Italy

BY OUR EUROMARKETS STAFF

ITALY has repaid ahead of schedule \$500m of a \$1.2bn balance of payments financing loan arranged through the state bank, Mediobanca...

credit markets for some years, reflecting the country's economic problems and domestic political upheavals during the mid-1970s which badly affected its credit standing among the world banking community.

in the Euromarkets in the future. The \$1.2bn facility carried a spread of 1 point over interbank rates.

ckage rate. However, issue is expected to be a success in the London market...

Domestic side boosts O and K

BY ROGER BOYES IN BONN

ORENSTEIN UND KOPPEL (O and K), the Dortmund-based engineering and ship-building company, yesterday announced that its turnover last year reached DM 1.13bn (\$611m), a 12 per cent rise over 1977...

1978, compared with 62 per cent in 1977. The strongest growth sector was in construction machinery...

It was also announced yesterday that Herr Heinz Solbach, chairman of the board of Hoesch, which has a 50 per cent holding in the company, would also become chairman of O and K's supervisory board.

Sharp rise in Libra Bank earnings

By John Evans

LIBRA BANK, the multinational bank specialising in Latin American business, reported that its pre-tax profits rose 51 per cent in 1978 to £7.7m compared with £5.1m in 1977.

GZB expands balance sheet by a sixth

BY PAUL LENDVAY IN VIENNA

THE CENTRAL Institute of the Austrian farmers' credit co-operatives, Genossenschaftliche Zentralbank reports a 17.6 per cent expansion of its balance sheet to Sch 61.1bn (\$455m).

London lifts Eurocurrency market share

By Our Euromarkets Staff

THE SHARE of the total \$800bn Eurocurrency market taken by London increased slightly in 1978, reversing a three-year period of sharp decline, according to Mr. David Ashby, senior economist for Bankers Trust Company.

London's performance last year was all the more remarkable because of a further rapid growth in the world-wide Eurocurrency market. Mr. Ashby said, suggesting that the stability of sterling in the past year was partly due to London's better record.

Doubled earnings from Manpower Suisse

BY BRIJ KHINDARIA IN GENEVA

MANPOWER Suisse SA, the temporary jobs agency, increased its turnover by 33 per cent reaching a total of SwFr 62.7m in 1978. Profits emerge at 5 per cent of turnover, representing a doubling of the 1977 level according to Mrs. M. Mumenthaler, chief executive.

which normally have less than about 50 staff, have found that judicious and planned use of temporary staff protects them against the heavy cost of hiring permanent employees and then being faced with the need to make them redundant.

foreign publishers covering the whole of the U.S. At the same time, Publicitas Regie International, the U.S. affiliate of Publicitas, will expand operations of its own international media advisory service for U.S. advertising agencies and advertisers.

Reduced dividends have been paid for a number of funds affiliated to the Zurich-based bank, Julius Baer. Including interim payments, they amounted to SwFr 42 per cent of the international bond fund Baerbond, SwFr 28 for the convertible-bond fund Conbar, SwFr 18 for the share fund Stockbar and SwFr 16 for the growth-share fund Grobar.

U.S. \$100,000,000 9 1/4% Notes Due 1984 Export Development Corporation (An agent of Her Majesty in right of Canada) Société pour l'expansion des exportations (Mandataire de Sa Majesté du chef du Canada) Credit Suisse First Boston Limited Wood Gundy Limited Deutsche Bank Aktiengesellschaft Swiss Bank Corporation (Overseas) Limited Banque de Paris et des Pays-Bas Salomon Brothers International Westdeutsche Landesbank Girozentrale 2nd March, 1979

LIBRA BANK LIMITED EXTRACTS FROM AUDITED ACCOUNTS Table with columns for 1974, 1975, 1976, 1977, 1978. Rows include CAPITAL AND RESERVES, SUBORDINATED LOANS, CASH AT BANKS, MONEY AT CALL AND SHORT NOTICE, CD'S, LOANS, TOTAL ASSETS, PRE-TAX PROFITS, AFTER-TAX PROFITS. Shareholders: The Chase Manhattan Bank, N.A., Swiss Bank Corporation, Bancomer S.A., Banco Itaú S.A., The Royal Bank of Canada, Westdeutsche Landesbank Girozentrale, Credito Italiano S.p.A., National Westminster Bank Limited, The Mitsubishi Bank Limited, Banco Espírito Santo e Comercial de Lisboa. Bastion House, 140 London Wall, London EC2Y 5DN London, Bogota, Buenos Aires, Mexico City, New York, Sao Paulo

U.S. \$100,000,000 Citicorp Overseas Finance Corporation Limited (Incorporated with limited liability in the British Virgin Islands) Guaranteed Floating Rate Notes Due 1994 Unconditionally guaranteed by CITICORP The following has agreed to subscribe or procure subscribers for the above Notes: Credit Suisse First Boston Limited The Guaranteed Floating Rate Notes Due 1994, of U.S.\$1,000 each, issued at 100 per cent., have been admitted to the Official List of The Stock Exchange, subject to the issue of the Notes. Interest is payable on each Note quarterly in each year, subject to special arrangements in respect of the first interest payment, as described in the particulars of the Notes and the Issuer which are available in the Extel Statistical Service and may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 16th March, 1979 from the brokers to the issue: Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN 2nd March, 1979

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. 45 Cornhill, London, EC3V 3PE. Tel: 01-623 6314. Index Guide as at March 1, 1979. Capital Fixed Interest Portfolio 105.10 Income Fixed Interest Portfolio 101.65 CLIVE INVESTMENTS LIMITED 1 Royal Exchange Ave., London ECV 3LU. Tel: 01-288 1101. Index Guide as at February 20, 1979 (Base 100 on 14.1.77). Clive Fixed Interest Capital 131.30 Clive Fixed Interest Income 110.47xd

This announcement appears as a matter of record only. February, 1979 EUROPEAN COAL AND STEEL COMMUNITY U.S.\$15,000,000 12-Year Loan Managed by: The Industrial Bank of Japan (Luxembourg) S.A. Provided by: The Industrial Bank of Japan (Luxembourg) S.A. Daiwa Europe N.V. Mitsubishi Bank (Europe) S.A. Nippon Credit International (HK) Ltd. Nomura Europe N.V.

FOOD PRICE MOVEMENTS

Table with columns: Item, March 1, Week ago, Month ago. Rows include Bacon, Butter, Cheeses, Eggs, Beef, Lamb, Pork, Poultry.

Companies and Markets

TOKYO STOCK MARKET

Nervous fall from peak

THE TOKYO stock market was sent sharply downwards yesterday by an unconfirmed report early in the day that Russia might send troops to Vietnam.

By RICHARD C. HANSON IN TOKYO. This trend will continue. Japanese investors have taken to the sidelines, particularly the institutional investors who were active in January.

Speciality steels pay off for USCO

BY CONCENTRATING on production of speciality steels, Union Steel (USCO), the semi-independent South African steel maker, has more than tripled its profit to 1978.

Growth rate speeds up at Liberty Life

BY OUR JOHANNESBURG CORRESPONDENT. LIBERTY LIFE Association, the South African life assurance company 51 per cent-owned by Liberty Holdings in which Guardian Royal Exchange Assurance has an 11 per cent interest.

The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books - and forget it.

The Army Benevolent Fund

for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP

Challenge well ahead in first half

BY DAI HAYWARD IN WELLINGTON. CHALLENGE CORPORATION, New Zealand's largest commercial group, has boosted its half-year profit by 89 per cent.

figures were substantially reduced, Mr. Trotter said. If inflation was not reduced, he warned the Government would have to change the basis on which private companies paid tax.

Marra Developments land deal off

BY OUR SYDNEY CORRESPONDENT. MARRA DEVELOPMENTS, the pastoral group, continued its recovery in the December half-year, lifting earnings from A\$74.0m to A\$250.0m (U.S.\$30m).

elimination of borrowings and the policy of maximising the return on investment from avenues calculated to contribute most directly to augmenting shareholders funds to meet preference redemption obligations.

Hopewell confident

HOPEWELL HOLDINGS, one of Hong Kong's main property companies, yesterday raised its interim net group profits for the half-year to December 1978 by 61 per cent to HK\$21.13m (\$4.5m).

Improvement by Sembawang

BY H. F. LEE IN SINGAPORE. PRE-TAX profits at Sembawang Shipyard remained practically unchanged at S\$27.35m (US\$12.6m) in 1978.

SINKING FUND REDEMPTION NOTICE

General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to call for redemption on March 30, 1979 (the "Redemption Date") of the principal amount of \$10,000,000 of its Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Table with columns: Notes in the principal amount of \$1,000 bearing the prefix M to be redeemed in whole. Lists serial numbers and amounts.

Notes in the principal amount of \$10,000 bearing the prefix X to be redeemed.

Notes in the principal amount of \$100,000 bearing the prefix O and the principal amount to be redeemed.

Notes in the principal amount of \$500,000 bearing the prefix D and the principal amount to be redeemed.

The above listed Notes selected for redemption (or portion of the principal amount) of any Note to be redeemed in part only shall become due and payable on March 30, 1979 and thereafter interest thereon will cease to accrue.

GENERAL CABLE INTERNATIONAL N.V. By IRVING TRUST COMPANY, Fiscal Agent. Dated: February 28, 1979, New York, New York

Marjinal rise at Hooker

BY OUR SYDNEY CORRESPONDENT. HOOKER CORPORATION, the major property, retail and pastoral group, posted a small profit increase of 5.4 per cent in the December half-year, from A\$3.71m to A\$3.91m (U.S.\$4.4m).

In the pastoral division earnings jumped from A\$445,000 to A\$241m, reflecting the best rural season for at least 15 years. However, the gains were largely offset by the retail, commercial and industrial projects division, where profit dropped from A\$3.19m to only A\$19,000.

Hooker will pay an unchanged interim dividend of 3.75 cents a share, which is covered 1.7 times by earnings. Group revenue for the period rose sharply, from A\$75.7m to A\$114.6m (U.S.\$130m).

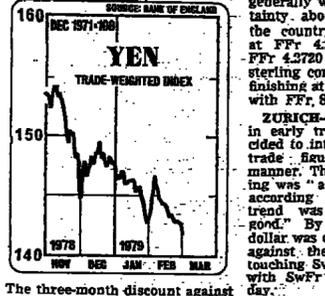
SAINT-GOBAIN-PONT-A-MOUSSON 1979 News Bulletin No 1 Preliminary results for 1978. Includes sections on increase in sales of 8%, net consolidated sales by country, and a healthy financial situation.

Handwritten text at the bottom of the page.

# Dollar and pound firm

The dollar and sterling were slightly firmer against most other major currencies yesterday, but trading was generally quiet and featureless. The pound opened at \$2.0230 and fell to a low point of \$2.0180 in early trading, as the dollar improved on realisation that the U.S. trade figures were much better than first thought. Sterling then rose to a general level of \$2.0225, and touched \$2.0250 in the afternoon, before closing unchanged at \$2.0230-2.0240.

Forward sterling was firmer, even before the cut in Bank of England Minimum Lending Rate.



The three-month discount against the dollar narrowed to 0.82 cent from 0.67 cent.

The pound's trade-weighted index, as calculated by the Bank of England, rose to 84.4 at noon and 84.3 in early trading. The dollar's index, on a similar basis, rose to 84.8 from 84.4, while on Morgan Guaranty figures the dollar's depreciation was unchanged at 8.3 per cent.

The dollar rose to DM 1.8550 from DM 1.8515 against the D-mark, and to SwFr 1.6750 from SwFr 1.6685 against the Swiss franc. The Japanese yen was rather weak, with the dollar improving to Y203.60 from Y202.40.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8550 against the Deutsche mark, compared with DM 1.8515 previously. The new method of calculating

the U.S. trade figures caused was generally considered favourable, given that the trade deficit of \$3.1bn would have been \$1.88bn under the old method, compared with \$2.04bn in December. U.S. dealers seemed unsure what the figures meant on Wednesday, but tended to mark the dollar down. It recovered in early European trading, however, opening at DM 1.8550, and touching a high point of DM 1.8565 before the fixing.

PARIS — The dollar was steady against the French franc, but the French currency was generally weak, reflecting uncertainty about labour unrest in the country. The dollar closed at FFf 4.2790 compared with FFf 4.2720 late Wednesday, and sterling continued to appreciate, finishing at FFf 8.6530, compared with FFf 8.6410 previously.

ZURICH — The dollar steadied in early trading as Europe decided to interpret the latest U.S. trade figures in a positive manner. The change in accounting was "a little bit confusing," according to dealers, but the trend was considered "quite good." By late afternoon the dollar was quoted at SwFr 1.6740 against the Swiss franc, after touching SwFr 1.6785, compared with SwFr 1.6685 late Wednesday.

MILAN — Sterling rose to a record level against the lira at the fixing, touching L1.702.10, compared with L1.700.15 previously. The dollar also improved, and was fixed at L841.20 compared with L840.30 previously. The D-mark fell to L453.41 from L453.82, and the Swiss franc to L502.10 from L503.92.

AMSTERDAM — The dollar stood at F12.0030 against the guilder in late trading, unchanged from its fixing level.

TOKYO — The dollar continued to improve, despite first impressions that the U.S. trade deficit had widened in January. Trading was within a narrow range once again, between Y202.30 and Y202.60, and closing at Y202.57, compared with Y202.87 previously. The Bank of Japan sold about \$10m to support the yen.

## THE POUND SPOT AND FORWARD

March 1	Day's spread	Close	One month	Three months
U.S.	2.0180-2.0250	2.0230-2.0240	0.47-0.37c pm	2.49 0.87-0.77 pm
Canada	2.3890-2.4195	2.3990-2.4005	0.52-0.42c pm	2.25 1.03-0.93 pm
Netherlands	4.020-4.055	4.041-4.051	21-11c pm	5.18 2-0-20 pm
Belgium	59.15-59.45	59.30-59.40	30-20c pm	5.95 75-65 pm
Denmark	10.47-10.51	10.48-10.50	2 ore pm-par	1.14 4-20 dis
W. Germany	3.74-3.77	3.75-3.76	30-100c dis	8.10 20-200 dis
Spain	133.30-140.00	138.85-139.85	25c pm-25c dis	par 30m-70dis
Italy	926-970	971-1,023	21c pm-par	21c 12m-12dis
Norway	10.25-10.35	10.27-10.28	41-20c pm	4.08 87-80 pm
France	8.84-8.87	8.85-8.86	41-30c pm	8.20 87-87 pm
Sweden	13.51-13.64	13.52-13.54	31-10c pm	3.26 17-19 pm
Japan	407-417	411-413	3.80-3.80 pm	10.11 3.05-3.80 pm
Austria	27.40-27.80	27.50-27.55	22-120c pm	7.41 57-47 pm
Switzerland	3.37-3.40	3.38-3.39	35-20c pm	11.06 104-94 pm

## THE DOLLAR SPOT AND FORWARD

March 1	Day's spread	Close	One month	Three months
U.S.	2.0180-2.0250	2.0230-2.0240	0.47-0.37c pm	2.49 0.87-0.77 pm
Canada	2.3890-2.4195	2.3990-2.4005	0.52-0.42c pm	2.25 1.03-0.93 pm
Netherlands	4.020-4.055	4.041-4.051	21-11c pm	5.18 2-0-20 pm
Belgium	59.15-59.45	59.30-59.40	30-20c pm	5.95 75-65 pm
Denmark	10.47-10.51	10.48-10.50	2 ore pm-par	1.14 4-20 dis
W. Germany	3.74-3.77	3.75-3.76	30-100c dis	8.10 20-200 dis
Spain	133.30-140.00	138.85-139.85	25c pm-25c dis	par 30m-70dis
Italy	926-970	971-1,023	21c pm-par	21c 12m-12dis
Norway	10.25-10.35	10.27-10.28	41-20c pm	4.08 87-80 pm
France	8.84-8.87	8.85-8.86	41-30c pm	8.20 87-87 pm
Sweden	13.51-13.64	13.52-13.54	31-10c pm	3.26 17-19 pm
Japan	407-417	411-413	3.80-3.80 pm	10.11 3.05-3.80 pm
Austria	27.40-27.80	27.50-27.55	22-120c pm	7.41 57-47 pm
Switzerland	3.37-3.40	3.38-3.39	35-20c pm	11.06 104-94 pm

## CURRENCY RATES

February 28	Bank rate	Special Drawing Rights	European Unit of Account	Mar. 1	Bank of England	Morgan Guaranty
Sterling	12 1/2	0.63713	0.670659	Sterling	64.40	-39.9
U.S. dollar	9 1/2	1.28917	1.35638	U.S. dollar	64.57	-8.5
Canadian dollar	11 1/2	1.51823	1.58544	Canadian dollar	79.57	-2.8
Austria Sch.	4 1/2	17.4875	18.9990	Austrian schilling	147.23	-19.6
Belgian franc	6	57.7508	59.6531	Belgian franc	114.66	-15.1
Dutch guilder	1 1/2	1.03287	1.09995	Dutch guilder	17.50	-2.9
French franc	5	3.38690	3.50926	French franc	150.58	-42.2
German mark	6 1/2	2.57854	2.71000	German mark	125.17	-31.0
Italian lira	9 1/2	6.50587	6.78632	Italian lira	99.44	-6.1
Japanese yen	10 1/2	108.25	113.34	Japanese yen	141.78	-40.1
New Zealand dollar	7 1/2	260.870	274.354	New Zealand dollar	141.78	-40.1
Spanish peseta	8	6.74-6.94	6.94887	Spanish peseta	141.78	-40.1
Swedish krona	6 1/2	5.61850	5.80585	Swedish krona	141.78	-40.1
Swiss franc	5 1/2	5.14925	5.29534	Swiss franc	141.78	-40.1

## OTHER MARKETS

Mar. 1	£	¢	¢	Note Rates
Argentina Peso	2285-2345	1098-1108	Austria	86.75-27.75
Australia Dollar	1.7890-1.7980	0.8868-0.8878	Belgium	59.5-60.5
Brazil Cruzeiro	45.45-45.55	22.45-22.55	Canada	10.45-10.55
Finland Markka	8.035-8.045	5.9715-5.9735	France	8.61-8.71
Greek Drachma	78.988-74.778	36.07-36.98	Germany	3.70-3.80
Hong Kong Dollar	6.75-6.78	0.8300-0.8350	Italy	1.670-1.720
Iran Rial	147.70-157.80	75.78	Japan	109.4-118
Kuwait Dinar	0.650-0.660	0.3718-0.3768	Netherlands	0.004-0.10
Luxembourg Franc	50.30-50.40	23.25-23.35	Norway	10.24-10.35
Malaysia Dollar	4.424-4.434	2.1880-2.1900	Portugal	89.5-99.5
New Zealand Dir.	1.9150-1.9210	0.9477-0.9497	Spain	139.9-144.5
Saudi Arab. Riyal	6.74-6.94	3.3500-3.3508	Switzerland	10.35-10.45
Singapore Dollar	4.574-4.59	3.1655-3.1665	United States	8.0200-0.0300
Sth. African Rand	1.7003-1.7115	0.8408-0.8458	Yugoslavia	41.43

Rate given for Argentina is free rate.

## EXCHANGE CROSS RATES

Mar. 1	£/Sterling	U.S. Dollar	Deutschemark	Japan's Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	2.0230	3.785	422.5	8.658	5.390	4.055	1702.	2.400	59.35
U.S. Dollar	0.494	1.0000	1.855	203.6	4.976	1.675	2.003	840.9	1.186	29.53
Deutschemark	0.266	0.538	1.0000	109.9	2.506	0.903	1.079	452.1	0.639	15.81
Japanese Yen	2.494	4.905	9.103	1000.	20.99	8.218	9.924	4125.	5.618	145.9
French Franc	1.155	2.337	4.357	476.5	10.	5.916	4.681	1965.	2.772	68.55
Swiss Franc	0.595	1.287	2.108	121.7	2.554	1.	1.195	501.9	0.708	17.51
Dutch Guilder	0.247	0.498	0.827	101.8	2.136	0.837	1.	419.9	0.592	14.65
Italian Lira	0.588	1.189	2.207	842.4	5.088	1.992	2.582	1000.	1.411	34.88
Canada Dollar	0.417	0.845	1.555	171.9	3.607	1.412	1.889	709.0	1.044	24.73
Belgian Franc	1.685	3.408	6.327	695.0	14.59	5.712	6.828	2867.	4.094	100.

## EURO-CURRENCY INTEREST RATES

Mar. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Australian \$	Japanese Yen
Short term	13-13 1/2	10-10 1/4	8 1/2-9 1/2	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2
7 day's notice	13-13 1/2	10-10 1/4	8 1/2-9 1/2	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2
Month	13 1/2-14	10 1/4-10 1/2	9-10 1/4	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2
Three months	13 1/2-14	10 1/4-10 1/2	9-10 1/4	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2
Six months	13 1/2-14	10 1/4-10 1/2	9-10 1/4	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2
One year	13 1/2-14	10 1/4-10 1/2	9-10 1/4	7 1/2-7 1/2	4 1/2-4 1/2	3 1/2-4	6 1/2-6 1/2	7-10	10 1/2-10 1/2	5 1/2-4 1/2

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.35-10.45 per cent; three months 10.55-10.65 per cent; six months 10.80-11.00 per cent; one year 10.85-10.95 per cent.

## INTERNATIONAL MONEY MARKET

### Further rise in Paris rates

PARIS—Following Wednesday's move to increase the discount on Treasury bills, the French authorities yesterday lifted the discount rate for one-month to a further 1/2 per cent to 6 1/2 per cent. While day-to-day money remained at 6 1/2 per cent, one-month money rose to 6 1/4-6 1/2 per cent from 6 1/4-6 1/2 per cent and three-month money was also firmer at 7 1/2-7 1/4 per cent compared with 6 1/2-7 per cent. The six-month rate was quoted at 7 1/2-7 1/4 per cent and 12-month money was again unchanged at 7 1/2-7 1/4 per cent.

FRANKFURT — Interbank

## GOLD Weaker trend

Gold fell \$2 1/2 to close at \$248 1/2-348 1/2 after a fairly quiet day. The metal opened at \$249 1/2-350 1/2, the highest level of the day, and was fixed at \$249.30 in the morning, and \$248.80 in the afternoon. The lowest point touched was \$247 1/2-248 1/2 after New York began trading.

In Paris the 12 1/2 kilo bar was fixed at FFf 34,600 per kilo.

AMSTERDAM — Interbank

## UK MONEY MARKET

### MLR falls to 13%

Bank of England Minimum Lending Rate 13 per cent (since March 1, 1979).

The Bank of England reduced MLR to 13 per cent from 14 per cent yesterday, much in line with market expectations. Discount houses buying rates for three-month Treasury bills were quoted at 13 1/2 per cent, indicating an MLR of 12 1/2 per cent on the old formula, and with the present shortage of bills, today's tender could well show a further easing in the discount rate. Day to day funds were again in short supply yesterday and the authorities underlined their

## LONDON MONEY RATES

Mar. 1 1979	Sterling	Local Authority deposits	Local Authority negotiable bonds	Finance Deposits	Company Deposits	Discount	Treasury Bills	Eligible Bills	Fine
Overnight	12 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
7 days notice	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
One month	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
Two months	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
Three months	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
Six months	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
Nine months	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
One year	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2
Two years	13 1/2-14 1/4	13 1/2-14 1/4	13 1/2-14 1/4	14 1/4	14 1/4	12-18 1/2	11 1/2-12 1/2	12 1/2	12 1/2

Local authority and finance houses seven days' notice, others seven days' fixed. \*Long-term local authority mortgage rates nominally three years 12 1/2-12 1/2 per cent; four years 12 1/2-12 1/2 per cent; five years 12 1/2-12 1/2 per cent; six years 12 1/2-12 1/2 per cent; seven years 12 1/2-12 1/2 per cent; eight years 12 1/2-12 1/2 per cent; nine years 12 1/2-12 1/2 per cent; ten years 12 1/2-12 1/2 per cent.

Approximate selling rates for one-month Treasury bills 11 1/2 per cent; two-month 11 1/2 per cent; three months 11 1/2 per cent; four months 11 1/2 per cent; five months 11 1/2 per cent; six months 11 1/2 per cent; seven months 11 1/2 per cent; eight months 11 1/2 per cent; nine months 11 1/2 per cent; one year 11 1/2 per cent; two years 11 1/2 per cent.

Approximate selling rates for one-month Treasury bills 13 1/2 per cent; two-month 13 1/2 per cent; three months 13 1/2 per cent; four months 13 1/2 per cent; five months 13 1/2 per cent; six months 13 1/2 per cent; seven months 13 1/2 per cent; eight months 13 1/2 per cent; nine months 13 1/2 per cent; one year 13 1/2 per cent; two years 13 1/2 per cent.

Financing House Bills (published by the Finance Association) 12 1/2 per cent for six months; 13 1/2 per cent for one year; 14 1/2 per cent for two years.

Clearing Bank Deposit Rates for small sums at least 2 1/2 per cent. Clearing Bank Rates for lending 13 1/2 per cent. Treasury Bills: Average tender rates of discount 12.281 per cent.

FRANKFURT — Interbank

AMSTERDAM — Interbank

FRANKFURT — Interbank

AMSTERDAM — Interbank

FRANKFURT — Interbank

AMSTERDAM — Interbank

## MONEY RATES

WORLD STOCK MARKETS

Companies and Markets

Wall St. modestly firmer at mid-session

INVESTMENT DOLLAR PREMIUM... The Dow Jones Industrial Average picked up 2.16 to 810.98

acquire McGraw-Hill for \$40 a share... The company reported a 9.1 per cent fall in February sales.

Hitschi YS to Y250 and Nippon Steel Y4 to Y129... Takeda Chemical were down Y11 to Y498.

a fresh decline in share prices... and the Commerzbank index receded 3.7 to 782.3.

Some of the cash coming into the market was said to be panic money from Hong Kong and Singapore.

at 1 pm, while the NYSE All Common Index rallied 16 cents to 810.98 and gaining issues outnumbered declines by about a three-to-two ratio.

Canada... Stocks also displayed a bias to higher levels on Canadian markets.

Germany... Reports that the Soviet Union has decided to fight in Vietnam against China triggered

Paris... Due to a continuing strike by Paris Bourse employees, no share price quotations were available

Johnsburg... Gold shares were modestly easier in line with Bullion indicators.

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

STOCK

Table of stock prices for various companies, including columns for Stock, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

CANADA

Table of stock prices for various companies in Canada, including columns for Stock, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

GERMANY

Table of stock prices for various companies in Germany, including columns for Stock, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

TOKYO

Table of stock prices for various companies in Tokyo, including columns for Stock, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

Indices

Table of financial indices for New York, London, and other markets, including columns for Index, Feb. 27, Feb. 28, Feb. 29, and Feb. 27.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including columns for Series, Vol., Last, and Stock.

BASE LENDING RATES

Table of base lending rates for various banks, including columns for Bank, Rate, and %.

AMSTERDAM

Table of Amsterdam stock market data, including columns for Stock, Price, and Div. Yld.

BRUSSELS/LUXEMBOURG

Table of Brussels/Luxembourg stock market data, including columns for Stock, Price, and Div. Yld.

PARIS

Table of Paris stock market data, including columns for Stock, Price, and Div. Yld.

STOCKHOLM

Table of Stockholm stock market data, including columns for Stock, Price, and Div. Yld.

JOHANNESBURG

Table of Johannesburg stock market data, including columns for Stock, Price, and Div. Yld.

SPAIN

Table of Spanish stock market data, including columns for Stock, Price, and Div. Yld.

BRAZIL

Table of Brazilian stock market data, including columns for Stock, Price, and Div. Yld.

MILAN

Table of Milan stock market data, including columns for Stock, Price, and Div. Yld.

VIENNA

Table of Vienna stock market data, including columns for Stock, Price, and Div. Yld.

SWITZERLAND

Table of Swiss stock market data, including columns for Stock, Price, and Div. Yld.

COPENHAGEN

Table of Copenhagen stock market data, including columns for Stock, Price, and Div. Yld.

FINANCIAL RATES

Table of financial rates, including columns for Rate, %.



Companies and Markets

Quota plan for sugar rival

BY MARGARET VAN HATTEN IN BRUSSELS
EBC ISOLUCULOSE manufacturers can be expected to produce...

City backs commodity centre plan

By Our Commodities Editor
CITY INSTITUTIONS have already promised about £1.5m towards the cost of setting up a world commodities centre in London.

Wintering the ewes proves expensive

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT
LAST WEEKEND provided just a brief interval of spring and coincided with a trip to South Devon...

Peak price for copper

By John Edwards
THE \$1 a lb price for copper was reached for the first time ever yesterday when Asarco, the U.S. producer, announced...

U.S. about-face at world pact talks

BY BRIJ KHANDARIA IN GENEVA
In an about-face of policy the U.S. yesterday acceded to insistence by copper producing countries...

More powers for Danish Fish Minister

By Hilary Barnes in Copenhagen
A BILL giving the Fisheries Minister extensive powers to regulate Danish fishing received its first reading yesterday.

Record UK sugar area contracted

By Our Commodities Staff
THE BRITISH SUGAR CORPORATION has already accepted contracts for record plantings of sugar beet for the 1978/79 season.

Bacon prices reduced

By Our Commodities Staff
BRITISH, IRISH and Ulster first-hand bacon prices have all been reduced by 45 to 1.065 a tonne, it was announced yesterday.

Danes reject cut in pigmeat subsidy

BY HILARY BARNES IN COPENHAGEN
BRITISH HOPES of cutting EEC import subsidies on pigmeat from Denmark suffered a setback yesterday when Niels Anker Kofoed, the Danish Agriculture Minister, said he would not approve any changes in the way the subsidies were worked out.

BRITISH COMMODITY MARKETS

Table with columns for BASE METALS, COPPER, ZINC, LEAD, NICKEL, COBALT, WIRE, and various grades and prices.

GRAINS

Table with columns for WHEAT, BARLEY, RYE, and various grades and prices.

PRICE CHANGES

Table with columns for Mar 1 1979, + or - Month ago, and various commodity prices.

AMERICAN MARKETS

Table with columns for NEW YORK, March 1, and various commodity prices.

CORAL INDEX: Close 478-478

I.G. Index Limited 01-351 3466. Three month Copper 1044-1053. 29 Lamont Road, London, SW10 0HS.

INSURANCE BASE RATES

Property Growth 12%. 1st Vanishing Act 11.25%. Address shown under Insurance and Property Bond Table.

ART GALLERIES

- BROWNE & DABRY, 19, Cork St., W.1. Philip Sutton - Recent Paintings. West. FIELDSIDE GALLERIES, 63, EDWARD ROAD, N.W.5. SUE 3600. EDWARD GARDNER, 10, W. 1. SUE 3600. PAINTING, Mon.-Fri. 10-6. Sat. 12-30.

BOND DRAWINGS

- KINGDOM OF DENMARK U.S.\$25,000.000 5% 20 YEAR EXTERNAL LOAN OF 1964. Bondholders of the above loan are advised that the 1978 drawings are as follows: The following bonds are presented for payment: 12 months 100.000.000. The metal opened at 87.00-87.50 and closed at 87.00-87.50 (172-780).

COMPANY NOTICES

CHARTER CONSOLIDATED LIMITED NOTICE TO HOLDERS OF 5 PER CENT CONVERTIBLE UNSECURED LOAN STOCK 1964. INTEREST PAYMENT NO. 19. NOTICE IS HEREBY GIVEN that the 5% convertible loan stock is to be closed from 14 to 23 March 1979.

CLUBS

2nd March, 1979. HAMBROS BANK LIMITED. ARABIC. New phonetic method allows you to speak, read and write Arabic correctly. Private tuition. AS/201 41-408 3502.

COCA

Prices remained under pressure throughout the day influenced by 5,000 tons being tendered on this first spot day, report Giff and Duffies.

WOL FUTURES

BRADFORD WOOL MARKET - Dealers said tops were quoted with little change from early in the week for crossbreds, slightly below the more proactively higher prices for finer merinos.

COFFEE

After opening slightly higher as expected robusta coffee futures quoted in a narrow range during the morning session, report Drexel Burnham Lambert.

MEAT/VEGETABLES

SMITHFIELD - Pence per pound, Beef: Scotch killed sides 54.0 to 58.0. Forequarters 53.0 to 58.0. Quartercuts 40.0 to 44.0.

SOYABEAN MEAL

The London market opened around £1 lower and traded around these levels all day on a flat market.

SUGAR

LONDON DAILY PRICE (raw sugar): £105.00 (£104.00 a tonne off for Feb/March shipment. White sugar daily market all day on a flat market.

WHEAT

The London market opened around £1 lower and traded around these levels all day on a flat market.

BARLEY

The London market opened around £1 lower and traded around these levels all day on a flat market.

WHEAT

The London market opened around £1 lower and traded around these levels all day on a flat market.

COCA

Prices remained under pressure throughout the day influenced by 5,000 tons being tendered on this first spot day, report Giff and Duffies.

Wednesday's closing prices

Table with columns for NEW YORK, March 2, and various commodity prices.

EUROPEAN MARKETS

Table with columns for ROTTERDAM, March 1, and various commodity prices.

INDICES

Table with columns for FINANCIAL TIMES, MOODY'S, and REUTERS indices.

Companies and Markets

LONDON STOCK EXCHANGE

Bank's move cools speculative enthusiasm for Gilts Equities also react and 30-share closes 5.7 off at 476.1

Account Dealing Dates Option First Declara- Last Account Dealing Dates... The expected reduction in Minimum Lending Rate, by one to 13 per cent, failed to restore any of the recent sparkle in stock markets yesterday.

prevailed in investment currency and with sellers predominant in two-way institutional dealings. The premium eased 31 to close at 85 1/2 per cent. Yesterday's SE conversion factor was 0.6928... Diminished activity in Traded options reflecting the lower turnover in equities saw the number of contracts fall to 712 against the previous day's record of 1,886.

annual results due Monday, gave up 5 to 310p. Elsewhere, Rentokil hardened 1 1/2 to 73 1/2p following the satisfactory annual results, while Pleyu continued to attract buyers and firmed 4 for a three-day gain of 17 to 150p... MFI Furniture good MFI Furniture, up 6 at 260p for a three-day gain of 32, continued to make progress in Stores as Press comment attracted renewed investment support.

while revived demand lifted J. Bibby 1 1/2 to 320p, the annual results of the latter are due next Wednesday. Linford put on 5 for a two-day gain of 11 to 188p on bid hopes as Bernard Matthews firmed 3 to 207p... European Ferries up Miscellaneous Industrial leaders turned reactionary on light profit-taking. Beecham reacted 13 to 630p. Down 3 the previous day following the disappointing first-quarter figures, BOC International eased further to 69p before closing a net penny lower at 70p following the Price Commission's recommendation that the group's cylinder gas charges be frozen for a year from last October.

Hawthorn Baker rose 30 to 110p on the return to profitability at the interim stage. Properties took a breather from the recent resurgence in activity and usually held overnight levels, although profit-taking clipped a penny from English at 61p and a couple of 37p. Among secondary issues, South African Golds reacted not only on the lower premium but also to the fall in the bullion price, which closed down 2.50p at \$248.125 an ounce. But business was at a low level. Although prices came off the bottom towards the close the Gold Mines Index finished 5.1 down at 171.7 and the ex-premium index was 1.5 off at 119.0.

Limited falls were evident through the list, and among heavily priced issues, West Dries was 1/2 easier at 52 1/2, Hartbeest lost 1/2 to 11 1/2. There was a similar trend in Platinums where the premium accounted for the general ease. De Beers met some early selling from Johannesburg and finished 13 down at 467p. Anglo American lost 14 to 370p, while UC Investments failed to respond to the chairman's optimistic remarks in his annual statement and closed down 8 at 363p.

FINANCIAL TIMES STOCK INDICES Table with columns for March 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, Year Ago.

HIGHS AND LOWS Table with columns for 1978-9, High, Low, and S.E. ACTIVITY.

NEW HIGHS AND LOWS FOR 1978/9 Table listing various stocks and their performance.

ACTIVE STOCKS Table listing various stocks and their performance.

APPOINTMENTS

Barclays Bank Trust changes

Mr. William Duncan, a general manager and a director of Barclays Bank International, has been appointed also a director of BARCLAYS BANK TRUST COMPANY Mr. Julian Wadham has retired from the Board of Barclays Bank Trust following his appointment as a director of Barclays Bank Mr. Wadham remains a director of Barclays Bank UK Management and Barclays Bank International.

LONDON TRADED OPTIONS

LONDON TRADED OPTIONS Table with columns for Option, Expiry, Closing price, Vol., etc.

RECENT ISSUES

RECENT ISSUES Table listing various stocks and their recent performance.

FIXED INTEREST STOCKS

FIXED INTEREST STOCKS Table listing various fixed interest stocks.

"RIGHTS" OFFERS

"RIGHTS" OFFERS Table listing various rights offers.

FT-ACTUARIES SHARE INDICES

FT-ACTUARIES SHARE INDICES Table listing various share indices and their performance.

Handwritten text at the bottom of the page.

AUTHORISED UNIT TRUSTS

Table of stock indices including FTSE 100, FTSE 250, and various sector indices like Chemicals, Food, and Textiles.

Table listing various unit trusts such as Abbey Unit Trst. Mgrs. (a), Friends Provident Unit Trst. Mgrs., and others, including their managers and performance data.

Table listing insurance and property bonds, including Abbey Life Assurance Co. Ltd., Commercial Union Assurance Co. Ltd., and others.

Table listing various unit trusts and investment funds, including National Westminster (a), Royal Trust Co. Ltd., and others.

Table listing various unit trusts and investment funds, including Schelinger Trust Mgrs. Ltd. (a), Target Trst. Mgrs. (Scotland) (a), and others.

Table listing offshore and overseas funds, including Alexander Fund, Keyser Ullmann Ltd., and others.

SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE

Healey & Baker 01-629 9292

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BONDS & RAILS—Cont.

BANKS & HP—Continued

CHEMICALS, PLASTICS—Cont.

ENGINEERING—Continued

BRITISH FUNDS

“Shorts” (Lives up to Five Years)

Table listing various British funds with columns for Stock, Price, Div, and Yield.

Five to Fifteen Years

Table listing British funds with a 5 to 15 year maturity.

Over Fifteen Years

Table listing British funds with a maturity of over 15 years.

Undated

Table listing undated British funds.

INTERNATIONAL BANK

79% Spc Stock 77-82

CORPORATION LOANS

Table listing international bank corporation loans.

COMMONWEALTH & AFRICAN LOANS

Table listing commonwealth and African loans.

LOANS

Table listing various types of loans.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails.

Table listing American stocks with columns for Stock, Price, Div, and Yield.

AMERICANS

Table listing American stocks with columns for Stock, Price, Div, and Yield.

S.E. List Premium 43% (based on US\$2.022 per £)

Conversion factor 0.6928 (0.6813)

CANADIANS

Table listing Canadian stocks.

BANKS AND HIRE PURCHASE

Table listing banks and hire purchase companies.

Table listing bank and hire purchase companies.

BEERS, WINES AND SPIRITS

Table listing beer, wine, and spirit companies.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building, timber, and road companies.

DRAPERY AND STORES

Table listing drapery and store companies.

ELECTRICAL AND RADIO

Table listing electrical and radio companies.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool companies.

Table listing chemical and plastic companies.

ENGINEERING—Continued

Table listing engineering companies.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool companies.

Table listing engineering companies.

ENGINEERING—Continued

Table listing engineering companies.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool companies.

Table listing food and grocery companies.

HOTELS AND CATERERS

Table listing hotels and caterers.

INDUSTRIALS (Miscel.)

Table listing various industrial companies.

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CHEMICALS, PLASTICS

Table listing chemical and plastic companies.

ENGINEERING MACHINE TOOLS

Table listing engineering machine tool companies.

FOOD, GROCERIES, ETC.

Table listing food and grocery companies.

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FAG keep things rolling

FAG Bearing Co Ltd Wolverhampton. Tel: 09077 4114

Chrysler signs Ford advertising agency

MR. LEE IACocca, president of Ford Motor Company until last July and now president of Chrysler Corporation, has signed up an advertising agency which has worked for Ford since 1945 to handle exclusively Chrysler's \$150m (£75m) a year advertising.

The announcement of this "one-upmanship" Detroit-style yesterday overshadowed a simultaneous disclosure that Mr. Eugene Cahero, vice-chairman of Chrysler and president until Mr. Iacocca's arrival last November, is severing his links with the company.

His resignation, accepted by the Chrysler Board at a meeting in New York yesterday, was in line with an understanding reached last autumn that he would stay on with the company only until the spring, Mr. Iacocca said.

Both developments underline the grip which 54-year-old Mr. Iacocca now has at Chrysler and which he probably never had at Ford where principal authority lies with Mr. Henry Ford II, the company's chairman. A serious disagreement between the two led to Mr. Iacocca's sacking last summer.

Mr. Iacocca's satisfaction at leaving the advertising agency, Kenyon and Eckhardt, away from Ford was clearly evident at his Press conference in New York.

Ford was informed of the agency's defection only at 11 am yesterday. It will undoubtedly feel chagrin at losing a company which has developed some of its most successful corporate campaigns.

Although Walter Thompson handles a larger portion of Ford's advertising expenditure, Kenyon and Eckhardt was responsible for about \$75m of its billings last year and obviously held the longstanding respect of Ford executives, including Mr. Iacocca.

Chrysler claimed that its arrangement with Kenyon and Eckhardt "is believed to be the largest transaction in advertising history" but Mr. Iacocca also stressed the "unique total marketing partnership" which is planned to involve the agency in corporate planning through representation on Chrysler's product planning and marketing committees.

The agreement follows an approach by Mr. Iacocca at the end of January and leaves out in the cold Chrysler's three current agencies, Young and Rubicam, BBDO, and Rosser.

The transition is expected to take 90 days although Kenyon and Eckhardt has offered to continue working for Ford for another 180 days. "This is not unethical," said Mr. Iacocca, adding: "Ford has still some agencies left. This is a competitive company."

U.S. motor industry, Page 22

Drop in U.S. economic index four-year record

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. index of leading economic indicators declined in January by the biggest amount in four years, indicating a significant contraction, and perhaps a recession, in economic activity later this year.

The 1.2 per cent drop in the index, which is designed to forecast economic trends, is the steepest since the 3 per cent fall in January, 1975, when the U.S. was already in the throes of recession.

The figures, which the Commerce Department emphasised were provisional, follow declines of 0.4 per cent and 0.1 per cent in November and December respectively. Those calculations have themselves been revised; originally, the index was estimated to have fallen by 0.6 per cent in November and by 0.5 per cent in December.

Classically, a change in the

direction of the index spread over three consecutive months or more is supposed to portend a major shift in economic fortunes. The measurement is not, however, infallible.

In the early summer of 1977 three consecutive monthly declines pointed to a substantial fall in economic activity which did not materialise. But the depth of the January decline fits in with the forecasts of many economists both inside and outside the Government.

Officially, the department reacted cautiously to the news; a representative said that: "It looks like the leading indicators are trying to signal something but what that something is to be we don't know yet. It is an indication of a slowdown; it is not necessarily a sign of a recession."

Five of the ten components included in the compilation of the index went down and the other five rose, among them new orders and contracts for plant and equipment and what is known as vendor performance. Those reflect some of the continued underlying strengths of the economy in the form of reasonable levels of business investment, though there is doubt as to how long the consumer spending boom in particular can be sustained.

The principal causes for the January decline were the sharp

fall in new building permits, which reflects the previously reported 20 per cent drop in housing starts so far this year, and the contraction in the growth of the basic money supply (M1), which the Federal Reserve is trying to rein in as part of the fight against inflation.

Swiss to investigate Iranian bank deposits

BY JOHN WICKS IN ZURICH

SWISS AUTHORITIES are looking into the question of Iranian funds deposited in the country. Following an announcement by the National Bank that it is to ascertain the volume of such assets held by 25 sample banks, the Federal Government said it is setting up an inter-Ministerial working party to investigate a "number of political, diplomatic and legal questions" in connection with an Iranian request to freeze Swiss bank accounts of the Shah and members of his family.

The Government, however, is not to accede to the request. The Minister of Justice, who is to head the working party, says that the nationalisation of these assets ordered by the Iranian Government applies to Iran only and that Switzerland is not obliged to carry out a similar step.

There are only few examples of official action by the Swiss with parallels to the present case. Apart from the blocking after the war of Swiss accounts belonging to former SS members, the only similar instance was when the Algerian Government called on a Geneva-based bank to pay money it had already transferred to former Algerian politician Ben Bella and which, it was claimed, consisted of FLN funds entrusted to Ben Bella for investment.

The investigations by the National Bank are without precedent in that they constitute a move in connection with an individual country. In fact, the national bank regularly collects information involving Iranian assets in Switzerland's 72 leading banks but publishes these annually as part of a multi-country regional figure. The 25 "sample" banks now being approached account for some 80 per cent of Swiss banking's foreign business, it is understood.

A National Bank spokesman said results of the inquiry should be published early next week.

Switzerland — it seems likely that the claim would also lead to complicated civil proceedings, since any repatriation of the funds would have to be ordered by a judge.

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Air fares likely to rise by 5%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MORE THAN 100 member-airlines of the International Air Transport Association are to meet in Geneva on March 28 to discuss the new order of increasing fuel costs. Recommendations to their governments for fares increases this spring are likely to follow.

The rises are likely to vary in different parts of the world, but the general belief is that they will not be less than 5 per cent and may be considerably more in some places.

On average about 44 cents a U.S. gallon. Price rises already in the pipeline are expected to push it up to about 60 cents a gallon by the spring, and it could be 70 cents before the end of this year.

The airlines are worried also about supply uncertainties. Already some parts of the world, including the U.S., have shortages of aviation fuel, causing flight delays.

prices and supplies, will be reported to the Geneva meeting. Many airlines now believe that the era of ultra-cheap fares is over, and that last year's cheap fares "explosion" on the North Atlantic is not likely to be repeated elsewhere.

In future, reductions in fares are more likely to occur where airlines are seeking to fill otherwise empty seats on off-peak flights at inconvenient times, and thus improve load factors, rather than to generate major new markets for air travel.

Sime Darby bid for Guthrie up £31m

BY JAMES BARTHOLOMEW

SIME DARBY Holdings, the Far Eastern multinational conglomerate, has increased its bid for Guthrie Corporation, the British plantation group, by £31m, and has bought 14 per cent more of Guthrie's shares.

Sime says that this bid valuing Guthrie at £153m, is its top offer, and that it is obliged to abide by this promise under City Takeover Panel rules.

The Guthrie board immediately rejected the new offer, saying that it was not in the best interests of Guthrie or its employees and that it undervalued the group.

Guthrie promised a new defence document with profits and dividend forecasts for 1979. Sime offers 880p and three Sime Darby shares for every two Guthrie shares.

This offer is worth £90.1p a share. If UK residents take up this offer they will have to pay the investment currency premium on the Sime Darby shares they have received.

The effective premium is 43 per cent, and would cost 29p for each Sime share. Shareholders can opt to accept an alternative all-cash of 52.3p a share.

will offer to buy Sime shares which Guthrie shareholders do not want at 62.1p a share. Sime's purchase of 14 per cent of Guthrie yesterday brings the total held by the group and its subsidiaries up to 20 per cent.

Mr. James Scott, chairman of Sime, said yesterday that he was "certain" of success. He had been told by the market that holders of 10 or 15 per cent more were willing sellers.

He had not bought more because he did not want to pay all cash for Guthrie. He would rather pay to some extent in Sime shares, which are part of the new offer.

Tanners' capital needs triple in 1 1/2 years

BY CHRISTOPHER PARKES

"The main problem is financing operations," a leading tanner said. "Now you have to have two or three times the capital you needed 18 months ago, and it's not easy to manage it at today's interest rates and in the present market conditions."

Mr. Reaks said he knew of tanners whose capital requirements had risen by as much as £1m or £2m in recent months. The EEC Commission had taken some action to help the European industry, but more was needed.

Hides are in short supply because of reduced world beef production, which is expected to continue throughout this year.

The difficulties have been aggravated by the rapid expansion of leather industries in countries like Taiwan, South Korea, Japan and the Soviet Bloc.

The USSR, for example, has just completed four tanneries and is scouring the world for hides to supply them.

There are no significant indigenous supplies of skins in the Far East, and buyers from these countries have turned to Australia, New Zealand, the U.S. and now the EEC.

Five years ago, only about 25 per cent of UK hides were exported. Now the figure has risen to almost 80 per cent. The U.S. recently exported about half its hides but, in December, the proportion had risen to 90 per cent, Mr. Reaks claimed.

Far Eastern processors and manufacturers, with their relatively low labour costs, can pay high prices for raw materials and still undercut their competitors in the world's main markets for finished goods.

won some protection through the EEC Commission against cheap imports from Brazil. Other countries are being investigated, but the Brussels authorities say it is not possible for countervailing import duties to be imposed to protect European manufacturers.

Meanwhile, British trade unions are threatening unilateral action to prevent the export of hides. A union delegation visited the Manchester auction yesterday to investigate the state of the market.

"If nothing is done, the tanneries will go for a Burton," Mr. Norman Williams, Merseyside organiser of the Transport and General Workers' Union said.

"We want a complete embargo on the export of hides. We are considering picketing docks and abattoirs to stop the hides."

Leasing growth warning by Bank

By Michael Lafferty, Banking Correspondent

THE BANK of England has been warned by one of the big four clearing banks that the recent phenomenal growth in leasing could hold the seeds of a new secondary banking-type crisis.

News of the warning has come at a time when some clearer fears that the Government may well announce changes on the tax law governing leasing, and car leasing in particular, in the Budget on April 2.

In the past year the total value of plant and equipment and motor cars leased by members of the Equipment Leasing Association increased by almost 70 per cent, to a total of £1.2bn following a 50 per cent jump the year before. The biggest growth area during 1978 was motor cars, where purchases by Association members were up more than six times at £345m.

The Association claims that the 1978 car leasing boom arose primarily from the relaxation in hiring controls in mid-1977. But many observers believe that an important tax case decision allowing finance companies to get 100 per cent tax relief on cars costing more than £5,000 was a major factor. In contrast, industrial companies may claim annual write-offs of only up to £1,250 per car.

The clearing bank drew the Bank of England's attention to this anomaly, and some of its consequences. Most outstanding are said to be the many fringe leasing schemes now offered and the increase in so-called business leasing of "exotic cars."

Even more worrying, according to the bank concerned, could be the recent growth in leasing by non-financial companies seeking "tax shelters" for profits which would otherwise be liable to corporation tax. Examples of companies known to be in this area are the Ladbroke Group, the gaming concern, Marley, the tile company, and Hogg Robinson, insurance brokers. Well-known high street retailers are also said to be involved.

The clearing bank says it fears that collapses could eventually result from allowing industrial and other companies to become involved in an area which requires considerable financial and banking experience.

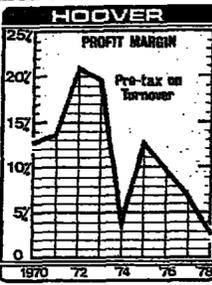
It also believes that the figures released by the EIA may not be an accurate reflection of the true extent of leasing growth, since the data published is limited to Association members.

Earlier this week, National Westminster Bank, the biggest force in the car leasing market, revealed that it is retaining a provision of £125m for possible tax clawbacks on leasing business. Almost all of this relates to motor cars.

THE LEX COLUMN

EMI warns and Hoover cuts

Index fell 5.7 to 476.1



profits of well over £40m from its music and leisure businesses. Unless success comes soon there is bound to be growing pressure for EMI to change its shape as well as its spots.

Hoover

At the end of 1978 Hoover was making profits of close to £20m, had £23m of cash in the bank and was investing heavily in new capacity to boost its washing machine output by up to 50 per cent. Yesterday it announced that its 1978 profits had slumped from £12.2m to £5.3m and the £10m cash balances at the end of 1977 had been transformed into a £4m overdraft.

To make matters worse, this sharp downturn was not due to strikes, as it was in 1974, but occurred against a backdrop of one of the biggest post-war spending booms. If Hoover cannot make lush profits under these conditions, when can it?

Hoover has a deserved reputation of being a financially strong and well managed company. As recently as October, 1978 its finance director publicly stated that he saw no reason why the company could not continue to increase its dividends by the statutory maximum. However, Hoover has now cut its dividend by roughly a fifth, and the shares promptly dropped by 20p to 187p where they yield 9.6 per cent.

What has gone wrong is that last year Hoover's costs rose by 13 per cent but its prices rose by 3 per cent, while competition from Italian imported washing machines (roughly half the UK market) led to a further fall in market share. No other major European market has such a high import penetration. Whereas French and German producers are to some extent

protected because of the local bias towards high priced quality products, here in Britain consumers seem to be much more interested in the low priced imports against which Hoover cannot hope to compete. If the trend continues Britain's washing machine industry will soon disappear.

Sime Darby/Guthrie

Sime Darby's second and final offer for Guthrie looks tempting. It comes in two forms: either a package, of which three-quarters is cash and the rest equity, or an underwritten cash alternative worth 52.3p per share. The latter values the group at £150m, which is around 60 per cent above the stock market price in January shortly before Sime showed its hand. It compares with net assets of £181m on the basis of Guthrie's recent revaluation, and profits of £20.3m pre-tax in 1978. After allowing for the 40 per cent dividend increase forecast for 1979, the yield at the bid price would be around 6 per cent.

But although the terms look attractive, the outcome is still finely balanced. Over a quarter of Guthrie's shares are in hands which are hostile or at least unfriendly to Sime. Perhaps a tenth are held in the Far East, which might be counted in the Sime camp, and Sime itself has taken its holding up to a fifth after some aggressive buying yesterday. It has not got a bottomless purse, however, and it pulled out of the market late in the day.

A feature of the bid is that Sime, which is an overseas company for exchange control purposes, is offering its own shares as part of the terms. This is unusual, to say the least, and anyone who accepts the shares will have under the rules to buy investment currency to the value of the paper and then sell it at the official rate.

But the betting is that most UK residents will take the cash alternative, which has been underwritten overseas or offshore funds. At any rate the dollar premium was weak yesterday, and no one seemed to be anticipating a big surge in demand.

The reason for Sime doing it this way is that the Bank of England ruled out the idea of using the paper of its UK domiciled subsidiaries to finance the deal, while a conditional rights issue in the Far East proved to be impracticable. And since Sime's net assets are only around £150m, it needed to inject at least some of its equity into the offer.

Weather

UK TODAY MOSTLY dry. Sunny intervals. Cloudy with occasional rain in the North. Max. 45F (7C). London, S.E. & Anglia. Rain at first. Dry and sunny later.

Midlands, E. England, Cent. S. England, Channel Isles, Cent. N. England. Mostly dry. Sunny intervals. Wales, N.W. England, N.E. England. Occasional rain. Scotland. Bright at first. Rain later.

Worldwide: Mostly sunny intervals and wintry showers in most parts. Southern England may have cloud and rain at first.

Table with columns for location, day, and temperature. Locations include Alicante, Algiers, Amman, Athens, Bahrain, Barcelona, Beirut, Berlin, Birmingham, Birm., Bonn, Bratislava, Bucharest, Budapest, Cardiff, Casablanca, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Glasgow, Gmsay, H. Kong, Innsbruck, Istanbul, Jeddah, Johannesburg, London, Lyons, Madrid, Manila, Mexico, Milan, Moscow, Munich, Naples, Nassau, Newcastle, New York, Niigata, Oslo, Oporto, Paris, Rome, Seoul, Singapore, Stockholm, Sydney, Taipei, Tangier, Tehran, Tokyo, Toronto, Valencia, Vienna, W. Berlin, Warsaw, Zurich. Temperatures are given in degrees Celsius and Fahrenheit.

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